

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 30, 2024

NEW ISSUE  
BOOK-ENTRY ONLY

PROGRAM CREDIT RATING: Moody's "Aa2"  
BORROWER CREDIT RATING: Moody's "Ba1"  
See "RATINGS" herein

In the opinion of Skinner Fawcett LLP, Bond Counsel to the Issuer, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals; however, interest on the Series 2024 Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Bond Counsel is also of the opinion that interest on the Series 2024B Bonds is exempt from State of Idaho personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2024 Bonds. For a more complete description, see "TAX MATTERS" herein.



IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)

\$17,040,000\* SERIES 2024A (CREDIT ENHANCEMENT)  
\$245,000\* SERIES 2024B (CREDIT ENHANCEMENT) (FEDERALLY TAXABLE)

Dated: Date of Delivery

Due: May 1, as shown on inside cover

The Idaho Housing and Finance Association (the "Issuer"), an independent public body corporate and politic organized and existing under the constitution and laws of the State of Idaho (the "State"), is issuing its (i) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the "Series 2024A Bonds"), in the original aggregate principal amount of \$17,040,000\*, and (ii) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the "Series 2024B Bonds," and together with the Series 2024A Bonds, the "Series 2024 Bonds"), in the original aggregate principal amount of \$245,000\*, pursuant to a Trust Indenture, dated as of November 1, 2024 (the "Indenture"), between the Issuer and Zions Bancorporation, National Association, as trustee (the "Trustee"). The Series 2024 Bonds will be dated their date of delivery, will be in authorized denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof ("Authorized Denominations"), and will mature on May 1 in the years as shown on the inside front cover hereof. The Series 2024 Bonds will bear interest payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2025\*, until maturity or earlier redemption. The Series 2024 Bonds are subject to optional redemption, mandatory sinking fund redemption and extraordinary redemption prior to maturity. See "THE SERIES 2024 BONDS – Prior Redemption" in this Official Statement.

The Issuer will loan the proceeds of the Series 2024 Bonds to Alturas Preparatory Academy, Inc. (the "Borrower"), an Idaho nonprofit corporation, pursuant to the terms of a Loan Agreement, dated as of November 1, 2024 (the "Loan Agreement"), by and between the Issuer and the Borrower, and, along with other available funds of the Borrower, will be used by the Borrower in order to: (i) finance the acquisition of an existing school facility comprised of approximately 72,000 square feet on an approximately 3-acre site, including certain related equipment and improvements located at 2280 East 17th Street, Idaho Falls, Idaho (the "Existing Facilities"), leased by the Borrower for the operation of the Charter School (defined below); (ii) finance the acquisition and construction of a gymnasium and related improvements on certain real property adjacent to the Existing Facilities (the "Adjacent Property") or on the same real property as the Existing Facilities (the "New Facilities," and together with the Existing Facilities, the "Facilities"); (iii) fund a debt service reserve fund; and (iv) pay certain costs of issuance of the Series 2024 Bonds (collectively, the "2024 Project"). See "PLAN OF FINANCE" in this Official Statement. The Series 2024 Bonds will be issued as registered bonds in book-entry only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2024 Bonds. Purchases of beneficial interests in the Series 2024 Bonds will be made in book-entry only form and purchasers will not receive physical certificates representing the ownership interest in the Series 2024 Bonds purchased by them. See "APPENDIX H – BOOK-ENTRY ONLY SYSTEM" in this Official Statement.

The Borrower operates a charter school out of the Existing Facilities that is known as Alturas Preparatory Academy (the "Alturas School" or the "Charter School") located at the Existing Facilities (the "Alturas Prep Campus"), which provides public education to students in grades 6-12, pursuant to a charter agreement with the Idaho Public Charter School Commission, a commission located in the Office of the State Board of Education (the "Commission"). Alturas International Academy ("Alturas International") is located at 151 North Ridge Avenue, Idaho Falls, Idaho (the "Alturas International Campus") for students in grades K-5. Upon the opening of the Charter School for the 2021-2022 school year, many 5-8 grade students moved from Alturas International to the Charter School, subject to a transfer agreement that places students transferring from Alturas International to the Charter School ahead of the general population in enrollment priority (the "Transfer Agreement"). The State Payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds and the Alturas International Campus will not be subject to the lien of the Deed of Trust (as defined below) for the Series 2024 Bonds. See "APPENDIX A – THE BORROWER AND THE FACILITIES" in this Official Statement. The Borrower does not have any taxing power.

The Series 2024 Bonds constitute special, limited obligations of the Issuer payable solely from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement, (b) a pledge of the Funds (other than the Rebate Fund) and Pledged Revenues (defined herein) of the Borrower and, to the extent provided in the Indenture, all trust accounts created under the Indenture and the Loan Agreement, and (c) an assignment of the Issuer's security interest in the Pledged Revenues to the extent permitted by law. The loan payments required by the Borrower under the Loan Agreement constitute a charge against the general credit of the Borrower and are further secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of November 1, 2024 (the "Deed of Trust"), executed by the Borrower in favor of the Trustee. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

Pursuant to the Indenture, the Trustee has covenanted to provide notice to the Issuer, the State Treasurer and the State Controller in the event of a draw on the Debt Service Reserve Fund to trigger a deposit to the Debt Service Reserve Fund by the State Controller in an amount equal to one month's interest on the Series 2024 Bonds. Under the terms of the Indenture, the Trustee will notify the Issuer and State Treasurer by November 5 of each year if the amount on deposit in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement and the amount, if any, required to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Treasurer must then make the same certification to the State Governor by December 1 of such year. The State Governor must then report to the State Legislature at the commencement of the next Legislative Session setting forth the amount, if any, required to restore the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement. The State Legislature may, but is not required to, make an appropriation to restore amounts on deposit in the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement. See "SECURITY FOR THE SERIES 2024 BONDS" in this Official Statement.

THE SERIES 2024 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE ISSUER'S FUNDS ARE PLEDGED TO PAY THE SERIES 2024 BONDS. THE SERIES 2024 BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE SERIES 2024 BONDS ARE NOT A DEBT OF THE STATE, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OF ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NEITHER THE STATE, THE ISSUER NOR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF NOR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF NOR ANY MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM ON THE SERIES 2024 BONDS, OR THE INTEREST THEREON, NOR WILL THEY INCUR ANY LIABILITY IN CONNECTION THEREWITH NOR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, NOR SHALL ANY ASSETS OF THE ISSUER BE AT RISK IN CONNECTION WITH THE SERIES 2024 BONDS. THE ISSUER DOES NOT HAVE ANY TAXING POWER.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS" in this Official Statement.

SEE THE INSIDE FRONT COVER FOR THE MATURITY SCHEDULES FOR THE SERIES 2024 BONDS

The Series 2024 Bonds are offered when, as and if issued by the Issuer and received and accepted by Raymond James & Associates, Inc. (the "Underwriter") and subject to the approval of legality by Skinner Fawcett LLP, Boise, Idaho, Bond Counsel to the Issuer. Certain legal matters will be passed upon by Yorgason Law Offices, pllc, Boise, Idaho, counsel to the Borrower; by Givens Pursley LLP, Boise, Idaho, as special counsel to the Issuer; and by Ballard Spahr LLP, Minneapolis, Minnesota, as counsel to the Underwriter. It is expected that the Series 2024 Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2024.



The date of this Official Statement is \_\_\_\_\_, 2024.

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained in this Preliminary Official Statement are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**MATURITY SCHEDULE**

**\$17,040,000\***

**IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024A (CREDIT ENHANCEMENT)**

\$3,835,000\* \_\_\_% Series 2024A Term Bonds due May 1, 2039\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

\$2,295,000\* \_\_\_% Series 2024A Term Bonds due May 1, 2044\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

\$2,850,000\* \_\_\_% Series 2024A Term Bonds due May 1, 2049\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

\$3,565,000\* \_\_\_% Series 2024A Term Bonds due May 1, 2054\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

\$4,495,000\* \_\_\_% Series 2024A Term Bonds due May 1, 2059\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

**\$ \_\_\_\_\_\***

**IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024B (CREDIT ENHANCEMENT) (FEDERALLY TAXABLE)**

\$245,000\* \_\_\_% Series 2024B Term Bonds due May 1, 2028\*  
Price of \_\_\_% to Yield \_\_\_%  
CUSIP: \_\_\_\_\_<sup>(1)</sup>

*\*Preliminary, subject to change.*

*<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP Global Services (CSG) is managed on behalf of the ABA by FactSet Research Systems Inc. CUSIP data herein is provided by CSG. The CUSIP number listed above is being provided solely for the convenience of Holders of the Series 2024 Bonds only at the time of issuance of the Series 2024 Bonds and none of the Issuer, the Underwriter or the Borrower makes any representation with respect to such number or undertakes any responsibility for its accuracy now or at any time in the future.*

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Boise, Idaho

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Boise, Idaho

**Auditor**

Quest CPAs  
Meridian, Idaho

This Official Statement is being distributed in connection with the sale of the Series 2024 Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower or the Underwriter to give any information or to make any representation with respect to the Series 2024 Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Unless otherwise indicated, the Borrower is the source of the information contained in this Official Statement. Certain information in this Official Statement has been obtained by the Borrower or on its behalf from The Depository Trust Company and other sources that the Borrower believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by the Underwriter. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the Borrower or other information in this Official Statement, since the date of this Official Statement.

Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "RISK FACTORS" in this Official Statement. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2024 Bonds. Except for information under the heading "THE TRUSTEE," the Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

In connection with the offering of the Series 2024 Bonds, the Underwriter may or may not overallocate or effect transactions that stabilize or maintain the market prices of the Series 2024 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time without notice. The prices and other terms respecting the offering and sale of the Series 2024 Bonds may be changed from time to time by the Underwriter after the Series 2024 Bonds are released for sale and the Series 2024 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Series 2024 Bonds into investment accounts.

**THE SERIES 2024 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2024 BONDS UNDER THE SECURITIES OR BLUE SKY LAWS OF THE JURISDICTIONS IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER JURISDICTIONS SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2024 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.**

**THE STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT THAT ARE NOT PURELY HISTORICAL, ARE FORWARD-LOOKING STATEMENTS, INCLUDING STATEMENTS REGARDING THE EXPECTATIONS, OF THE BORROWER REGARDING THE FUTURE. FORWARD-LOOKING STATEMENTS MAY BE FOUND UNDER "INTRODUCTION," "SOURCES AND USES OF FUNDS," "SECURITY FOR THE SERIES 2024 BONDS" AND, "THE BUDGET PROJECTION," AS WELL AS OTHER SECTIONS OF THIS OFFICIAL STATEMENT. ALSO, FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS IN WHICH WORDS SUCH AS "BELIEVE," "EXPECT," "ANTICIPATE," "INTEND," "WILL," OR SIMILAR EXPRESSIONS ARE USED. POTENTIAL INVESTORS SHOULD NOT PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS ARE MADE AS OF THE DATE OF THIS OFFICIAL STATEMENT, BUT ARE NECESSARILY BASED ON ASSUMPTIONS OF FUTURE EVENTS, WHICH HAVE BEEN PROVIDED**

**BY THE BORROWER. THE BORROWER HAS NOT ASSUMED ANY OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS. WHILE THE BORROWER HAS NO REASON TO BELIEVE THAT THE ASSUMPTIONS THAT HAVE BEEN USED IN THESE FORWARD-LOOKING STATEMENTS ARE NOT REASONABLE, THESE ASSUMPTIONS INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS, FUTURE BUSINESS DECISIONS, AND FUTURE LEGAL AND REGULATORY CIRCUMSTANCES AND CONDITIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY AND MANY OF WHICH ARE BEYOND THE CONTROL OF THE BORROWER. AS A RESULT, ACTUAL RESULTS WILL UNDOUBTEDLY DIFFER, AND MAY DIFFER MATERIALLY, FROM THOSE DISCUSSED IN SUCH FORWARD-LOOKING STATEMENTS.**

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof.

All capitalized terms used and not defined in this section have the meanings listed in “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS” to this Official Statement.

*No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Series 2024 Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Borrower, or the Underwriter. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Borrower or the Underwriter since the date hereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.*

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## SUMMARY

The following is a summary of certain information contained in this Official Statement. The summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Official Statement. Undefined capitalized terms used below are defined in APPENDIX E hereto or elsewhere in this Official Statement.

**The Issuer**.....The Idaho Housing and Finance Association (the “Issuer”) is an independent public body corporate and politic established and existing under the constitution and laws of the State of Idaho (the “State”), including Title 67, Chapter 62, Idaho Code. The Issuer is authorized to issue the Series 2024 Bonds (defined below) pursuant to a resolution adopted by the governing body of the Issuer on September 20, 2024 (the “Authorizing Resolution”). See “THE ISSUER” in this Official Statement.

**The Series 2024 Bonds**.....The Issuer will issue its (i) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the “Series 2024A Bonds”), in the original aggregate principal amount of \$17,040,000\*, and (ii) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Series 2024 Bonds”), in the original aggregate principal amount of \$245,000\*. The Series 2024 Bonds will be issued in authorized minimum denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof. The Series 2024 Bonds are being issued pursuant to the Authorizing Resolution and a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). See “THE SERIES 2024 BONDS” in this Official Statement.

**The Borrower**.....Alturas Preparatory Academy, Inc. (the “Borrower”) is an Idaho nonprofit corporation incorporated for educational purposes on March 16, 2020 pursuant to the Idaho Non-Profit Corporation Act, Idaho Code §§30-3-1 et seq. The Borrower operates a charter school out of the Existing Facilities (as defined below) that is known as Alturas Preparatory Academy (the “Alturas School” or the “Charter School”) located at 2280 East 17th Street, Idaho Falls, Idaho (the “Alturas Prep Campus”), which provides public education to students in grades 6-12 pursuant to a charter agreement with the Idaho Public Charter School Commission, a commission located in the Office of the State Board of Education (the “Commission”). The Borrower operates under a charter agreement with the Commission, which acts as the Borrower’s “Authorized Chartering Entity.” Under the Public Charter Schools Act, a charter contract may be renewed for up to a twelve-year period and is subject to revocation, after reasonable notice and opportunity to cure, for failure to comply with the charter agreement and/or any other applicable laws or rules. The Borrower’s original Charter Contract was effective July 1, 2021 for a five-year term (the applicable term under the then-existing law) currently set to expire on June 30, 2026 (the “Charter Contract”). The Borrower may not charge tuition and does not have any taxing authority. For more information, see “APPENDIX A – THE BORROWER AND THE FACILITIES” in this Official Statement.

Alturas International Academy (the “Alturas International”) is located at 151 North Ridge Avenue, Idaho Falls, Idaho (the “Alturas International Campus”) for students in grades K-5. *The State Payments (as defined herein) received in connection with the operation of Alturas International are not pledged to or available for the repayment of the Series 2024 Bonds.* See “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Alturas International Academy” in this Official Statement.

**Use of Proceeds** .....The proceeds of the Series 2024 Bonds will be loaned (the “Loan”) by the Issuer to the Borrower pursuant to the Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Issuer and the Borrower, and, along with other available funds of the Borrower, will be used by the Borrower in order to: (i) finance the acquisition of an existing school facility comprised of approximately 72,000 square feet on an

approximately 3-acre site, including certain related equipment and improvements located at 2280 East 17th Street, Idaho Falls, Idaho (the “Existing Facilities”), currently leased by the Borrower for the operation of the Charter School; (ii) finance the acquisition and construction of a gymnasium and related improvements on certain real property adjacent to the Existing Facilities (the “Adjacent Property”) or on the same real property as the Existing Facilities (the “New Facilities,” and together with the Existing Facilities, the “Facilities”); (iii) fund a debt service reserve fund; and (iv) pay certain costs of issuance of the Series 2024 Bonds (collectively, the “2024 Project”). See “PLAN OF FINANCE” in this Official Statement.

**Payment** .....The Series 2024 Bonds mature and bear interest (computed on the basis of a 360-day year of twelve 30-day months) at the rates set forth on the inside front cover page hereof. Interest on the Series 2024 Bonds is payable semi-annually on May 1 and November 1 each year, commencing on May 1, 2025\* (each an “Interest Payment Date”), by check or draft of the Trustee to the Registered Owners of the Series 2024 Bonds as of the 15th day of the calendar month next preceding an Interest Payment Date (the “Record Date”). Payments for the principal of and interest on the Series 2024 Bonds will be made as described in “APPENDIX H – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

**Special, Limited**

**Obligations** .....THE SERIES 2024 BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE ISSUER’S FUNDS ARE PLEDGED TO PAY THE SERIES 2024 BONDS. THE SERIES 2024 BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE SERIES 2024 BONDS ARE NOT A DEBT OF THE STATE, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OF ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NEITHER THE STATE, THE ISSUER NOR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF NOR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF NOR ANY MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM ON THE SERIES 2024 BONDS, OR THE INTEREST THEREON, NOR WILL THEY INCUR ANY LIABILITY IN CONNECTION THEREWITH NOR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, NOR SHALL ANY ASSETS OF THE ISSUER BE AT RISK IN CONNECTION WITH THE SERIES 2024 BONDS. THE ISSUER DOES NOT HAVE ANY TAXING POWER.

**Security** .....The Series 2024 Bonds constitute special, limited obligations of the Issuer payable solely from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement; (b) a pledge of the Funds (other than the Rebate Fund) and Pledged Revenues (defined herein) of the Borrower and, to the extent provided in the Indenture, all trust accounts created under the Indenture and the Loan Agreement; and (c) an assignment of the Issuer’s security interest in the Pledged Revenues to the extent permitted by law. The loan payments required by the Borrower under the Loan Agreement constitute a charge against the general credit of the Borrower and are further secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of November 1, 2024 (the “Deed of Trust”), executed by the Borrower in favor of the Trustee, creating a first lien on and security interest in the Existing Facilities owned by the Borrower and all other facilities which are financed or refinanced with the proceeds of the Series 2024 Bonds in favor of the Trustee on behalf and for the benefit of the Bondholders. The Deed of Trust will be amended if the

\*Preliminary, subject to change.

Borrower acquires the Adjacent Property on which it will construct the New Facilities so that the New Facilities are subject to the lien of the Deed of Trust.

*Debt Service Reserve Fund.* A portion of the proceeds of the Series 2024 Bonds equal to the Debt Service Reserve Fund Requirement (as defined in the Indenture) will be deposited to the Debt Service Reserve Fund established pursuant to the Indenture. Amounts in the Debt Service Reserve Fund may be used by the Trustee to pay the principal of and interest on the Series 2024 Bonds in the event sums in the Bond Principal Fund and Bond Interest Fund are insufficient for such purpose. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE” and “SECURITY FOR THE SERIES 2024 BONDS” in this Official Statement.

*Public Charter School Facilities Program.* The Charter School has been approved by the Issuer to utilize and intends to use the Idaho Public Charter School Facilities Program, codified under Section 33-5218, Idaho Code, as amended (the “Idaho Code”), for the Series 2024 Bonds. The Trustee shall notify the Issuer and the State Treasurer by November 5 of each year if the amount on deposit in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement and the amount, if any, required to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Treasurer must then make the same certification to the State Governor by December 1 of such year. The State Governor must then report to the State Legislature at the commencement of the next Legislative Session setting forth the amount, if any, required to restore the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement. The State Legislature may, but is not required, to make an appropriation to restore amounts on deposit in the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement or may appropriate an amount sufficient to redeem all outstanding Bonds. The State Legislature may also appropriate State funds to restore amounts withdrawn from the Public Charter School Facilities Program Fund.

On September 1, 2020, the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, issued a Decree of Judicial Confirmation with respect to the use of the Public Charter School Facilities Program (Case No. CV01-20-10141) finding that the Public Charter School Facilities Program established pursuant to Section 33-5218, Idaho Code, does not violate Section 1 or 2 of article VIII of the Idaho Constitution. The judicial confirmation is not necessarily binding on future cases and bond counsel has not opined on the validity of the Public Charter School Facilities Program under the Idaho Constitution.

The Issuer will obtain an opinion from Givens Pursley LLP that, subject to the assumptions and qualifications obtained therein, in the event a person were to bring a judicial proceeding challenging the issuance of the Series 2024 Bonds or a subsequent legislative appropriation under the Public Charter School Facilities Program related to a default of the Series 2024 Bonds, if the issue were properly presented to a court and that court followed the applicable legal principles set forth in analogous case law with respect to the facts described therein, a court should find that the Public Charter School Facilities Program does not violate Section 1 or Section 2 of Article VIII of the Idaho Constitution. Givens Pursley LLP served as special counsel to the Issuer in connection with the judicial confirmation proceedings described in the paragraph above. See “SECURITY FOR THE SERIES 2024 BONDS,” “RISK FACTORS – Enforceability and Constitutionality of the Public Charter School Facilities Program,” and “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS” in this Official Statement.

*Separate Alturas International Campus.* Alturas International serves students in grades K-5. The State Payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds and the Alturas International Campus will *not* be subject to the lien of the Deed of Trust for the Series 2024 Bonds. See “APPENDIX A – THE BORROWER

AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Alturas International Academy” in this Official Statement.

**Risk Factors** .....Prospective investors must read this entire Official Statement and the Appendices attached hereto in their entirety, particularly the section “RISK FACTORS” in this Official Statement, for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2024 Bonds.

**Optional Redemption** .....The Series 2024A Bonds are subject to optional redemption, in whole or in part, by the Issuer (upon written direction of the Borrower) on any Business Day on or after \_\_\_ 1, 20\_\_\_, at a redemption price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest to the redemption date, without a premium. The Series 2024B Bonds are not subject to optional redemption prior to maturity. See “THE SERIES 2024 BONDS – Prior Redemption” in this Official Statement.

**Mandatory Redemption and Other Redemption**.....The Series 2024 Bonds are subject to (i) mandatory sinking fund redemption as described in this Official Statement, and (ii) special mandatory redemption in the event of a Determination of Taxability (as defined in APPENDIX E), in whole, at a redemption price equal to the sum of the principal amount of the Series 2024A Bonds, plus accrued interest on the Series 2024A Bonds. See “THE SERIES 2024 BONDS – Prior Redemption” in this Official Statement.

The Series 2024 Bonds are also subject to redemption at a price of par plus accrued interest upon the failure of the Borrower to reimburse the Issuer under the Public Charter School Facilities Program.

The Series 2024 Bonds are also subject to redemption at a redemption price equal to the principal amount, plus accrued interest upon the occurrence of certain events of damage, destruction or condemnation. See “THE SERIES 2024 BONDS – Prior Redemption” in this Official Statement.

The Series 2024A Bonds are subject to special mandatory redemption if the Borrower fails to satisfy certain preconditions for disbursement of proceeds held in the Gymnasium Account of the Project Fund as set forth in the Loan Agreement. See “THE SERIES 2024 BONDS – Prior Redemption – *Exceed Proceeds Redemption*” and “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT” in this Official Statement.

**Trustee and Paying Agent** .....Zions Bancorporation, National Association, in Boise, Idaho. See “THE TRUSTEE” in this Official Statement.

**Book Entry-Only Registration** .....The Series 2024 Bonds will be issued in fully registered form and will be registered initially in the name of “Cede & Co.” as nominee for The Depository Trust Company, New York, New York (“DTC”), a securities depository. See “APPENDIX H – BOOK-ENTRY ONLY SYSTEM” for a discussion of the operating procedures of the DTC system with respect to payments, registration, transfers, notices, and other matters.

**Registration and Denominations** .....The Series 2024 Bonds are issued in fully registered form in denominations of \$5,000 or integral multiples of \$5,000 in excess thereof (“Authorized Denominations”). See “THE SERIES 2024 BONDS” and “APPENDIX H – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

**No Acceleration without State Treasurer Consent** ....So long as the Series 2024 Bonds remain outstanding and there has not been and is continuing a Non-Appropriation (as defined in APPENDIX E), the following provisions shall apply: (a) the maturity of the Series 2024 Bonds shall not be accelerated or the Series 2024 Bonds redeemed (other than mandatory sinking fund redemptions) without

the prior written consent of the State Treasurer, (b) neither the Loan nor the Notes (as defined in the Indenture) shall be accelerated without the prior written consent of the State Treasurer, (c) no action shall be taken under the Deed of Trust, including, without limitation, any action to foreclose under the Deed of Trust on the property subject thereto, without the prior written consent of the State Treasurer, (d) to the extent not otherwise required, the Borrower shall pay or reimburse the Trustee any and all charges, fees, costs and expenses which the Trustee may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby, and (e) the Indenture shall not be discharged and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the State under the Public Charter School Facilities Program or otherwise shall have been paid in full. The Borrower’s obligation to pay such amounts shall expressly survive payment in full of the Series 2024 Bonds. See “SECURITY FOR THE SERIES 2024 BONDS – Public Charter School Facilities Program” in this Official Statement.

**Tax Status**.....In the opinion of Skinner Fawcett LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2024A Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2024 Bonds is exempt from all taxation and assessments in the State of Idaho. The Series 2024 Bonds have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” and “APPENDIX F – FORM OF BOND COUNSEL OPINION” in this Official Statement.

**Continuing Disclosure** .....*The Borrower.* Pursuant to the requirements of Securities and Exchange Commission (“SEC”) Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the Borrower will agree for the benefit of the Registered Owners and Beneficial Owners of the Series 2024 Bonds to provide certain financial information and other operating data and notices of listed events required by the SEC. See “CONTINUING DISCLOSURE” and “APPENDIX G – FORM OF BORROWER CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

*The State Treasurer.* The State Treasurer will agree for the benefit of the Registered Owners and Beneficial Owners of the Series 2024 Bonds to provide certain financial and operating information of the State and a notice of a downgrade on the Series 2024 Bonds as a result of a rating change on the bonds issued under the Public Charter School Facilities Program. See “CONTINUING DISCLOSURE” and “APPENDIX J – FORM OF STATE TREASURER CONTINUING DISCLOSURE UNDERTAKING” in this Official Statement.

**Ratings**.....The Series 2024 Bonds have been rated “Aa2” by Moody’s Investors Service, Inc. (“Moody’s”) based upon the Public Charter School Facilities Program and have an underlying Borrower credit rating of “Ba1” from Moody’s based upon the credit of the Borrower. See “RISK FACTORS – Maintenance of Ratings” and “RATINGS” in this Official Statement.

**Financial Statements** .....The Borrower’s audited financial statements for the Fiscal Year ended June 30, 2024 are included in this Official Statement as APPENDIX C. The audited financial statements

in APPENDIX C have been audited by Quest CPAs PLLC, Meridian, Idaho (the “Auditor”). See “FINANCIAL STATEMENTS” and “APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2024” in this Official Statement.

**Additional Information** .....The summaries of or references to constitutional provisions, statutes, resolutions, agreements, contracts, financial statements, reports, publications and other documents or compilations of data or information set forth in this Official Statement do not purport to be complete statements of the provisions of the items summarized or referred to and are qualified in their entirety by the actual provisions of such items, copies of which are either publicly available or available upon request and the payment of a reasonable copying, mailing and handling charge from the Underwriter.

**Borrower’s Budget**

**Projection** .....The Budget Projection (the “Borrower’s Budget Projection”) attached hereto in APPENDIX K is a projection of the future financial performance of the Borrower based upon certain assumptions made by the Borrower and contained therein. No assurances can be given that the operations of the Borrower will equal or exceed the projected future financial performance set forth in the Borrower’s Budget Projection. The Borrower’s Budget Projection is for the fiscal years of the Borrower ending June 30, 2025 through June 30, 2030. See “APPENDIX K – BORROWER’S BUDGET PROJECTION” in this Official Statement.

**Delivery Information** .....The Series 2024 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and the approving legal opinion of Bond Counsel and certain other conditions. Certain legal matters will be passed upon by Yorgason Law Offices, pllc, Boise, Idaho, counsel to the Borrower; by Givens Pursley LLP Boise, Idaho, special counsel to the Issuer; and by Ballard Spahr LLP, Minneapolis, Minnesota, as counsel to the Underwriter. It is expected that the Series 2024 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2024.

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**\$17,040,000\***  
**Idaho Housing and Finance Association**  
**Nonprofit Facilities Revenue Bonds**  
**(Alturas Preparatory Academy Project)**  
**Series 2024 (Credit Enhancement)**

**\$245,000\***  
**Idaho Housing and Finance Association**  
**Nonprofit Facilities Revenue Bonds**  
**(Alturas Preparatory Academy Project)**  
**Series 2024B (Credit Enhancement)**  
**(Federally Taxable)**

## **INTRODUCTION**

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Any capitalized term not required to be capitalized is used with the meaning assigned in APPENDIX E or in the Indenture, the Loan Agreement or other document with respect to which the term is used. Definitions contained in the text hereof are for ease of reference only and are qualified in their entirety by the definitions in APPENDIX E or the documents with respect to which such terms relate. The Appendices hereto are an integral part of this Official Statement and each potential investor should review the Appendices in their entirety.

### **General**

*The Series 2024 Bonds.* The purpose of this Official Statement is to provide certain information concerning the issuance and sale by the Idaho Housing and Finance Association (the “Issuer”) of its (i) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024 (Credit Enhancement) (the “Series 2024A Bonds”), issued in the original aggregate principal amount of \$17,040,000\*, and (ii) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Series 2024 Bonds”), in the original aggregate principal amount of \$245,000\*. The Series 2024 Bonds will be issued pursuant to (i) a resolution of the governing body of the Issuer adopted on September 20, 2024 (the “Authorizing Resolution”), and (ii) a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), by and between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). The Issuer will loan (the “Loan”) the proceeds of the Series 2024 Bonds to Alturas Preparatory Academy, Inc. (the “Borrower”), an Idaho nonprofit corporation, pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Issuer and the Borrower. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS” in this Official Statement.

The Series 2024 Bonds are special, limited obligations of the Issuer, payable from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement, (b) a pledge of the Funds (other than the Rebate Fund) and Pledged Revenues (defined herein) of the Borrower and, to the extent provided in the Indenture, all trust accounts created under the Indenture and the Loan Agreement, and (c) an assignment of the Issuer’s security interest in the Pledged Revenues to the extent permitted by law. The Series 2024 Bonds and the interest thereon do not represent or constitute or give rise to a pecuniary liability, general or moral obligation, debt or bonded indebtedness or a pledge of the faith and credit of the Issuer.

*Use of Proceeds.* Proceeds of the Series 2024 Bonds, and, along with other available funds of the Borrower, will be used by the Borrower in order to: (i) finance the acquisition of an existing school facility comprised of approximately 72,000 square feet on an approximately 3-acre site, including certain related equipment and improvements located at 2280 East 17th Street, Idaho Falls, Idaho (the “Existing Facilities”), currently leased by the Borrower for the operation of the Charter School (defined herein); (ii) finance the acquisition and construction of a gymnasium and related improvements on certain real property adjacent to the Existing Facilities (the “Adjacent Property”) or on the same real property as the Existing Facilities

(the “New Facilities,” and together with the Existing Facilities, the “Facilities”); (iii) fund a debt service reserve fund; and (iv) pay certain costs of issuance of the Series 2024 Bonds (collectively, the “2024 Project”). See “SOURCES AND USES OF FUNDS” and “APPENDIX A – THE BORROWER AND THE FACILITIES” in this Official Statement.

*Alturas International Campus.* Alturas International (defined herein) operates on its Alturas International Campus (defined herein) for students in grades K-5 as more fully described below in this Official Statement under the heading “THE BORROWER.” *The State Payments (defined herein) received in connection with the operation of Alturas International are not pledged to or available for the repayment of the Series 2024 Bonds.* See also “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Alturas International Academy” in this Official Statement for more information.

### **Loan of Series 2024 Bond Proceeds**

The Loan will be made by the Issuer to the Borrower under the terms of the Loan Agreement. The Loan Agreement requires the Borrower to make loan payments which, if fully and promptly paid, will be sufficient to pay when due the scheduled principal of and interest on the Series 2024 Bonds. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT” in this Official Statement. Pursuant to the Indenture, the Issuer will pledge to the Trustee, for the benefit of the Registered Owners of the Series 2024 Bonds, all of its interest in the Loan Agreement (other than certain unassigned rights) to secure payment of the principal of, premium, if any, and interest on the Series 2024 Bonds. Pursuant to a Tax Certificate and Agreement (the “Tax Certificate”), by the Borrower and the Issuer, the Borrower will make certain representations and covenants related to maintaining the exclusion from gross income for federal income tax purposes of interest on the Series 2024A Bonds.

### **Public Charter School Facilities Program**

The Borrower has been approved by the Issuer to utilize and intends to use the Idaho Public Charter School Facilities Program, codified under Section 33-5218, Idaho Code, as amended (the “Idaho Code”), for the Series 2024 Bonds. The Trustee shall notify the Issuer and State Treasurer by November 5 of each year if the amount on deposit in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement (as defined in the Indenture) and the amount, if any, required to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Treasurer must then make the same certification to the State Governor by December 1 of such year. The State Governor must then report to the State Legislature at the commencement of the next Legislative Session setting forth the amount, if any, required to restore the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement. The State Legislature may, but is not required to, make an appropriation to restore amounts on deposit in the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement or may appropriate an amount sufficient to redeem all outstanding Bonds. The State Legislature may also appropriate State funds to restore amounts withdrawn from the Public Charter School Facilities Program Fund. See “RISK FACTORS – Enforceability and Constitutionality of the Public Charter School Facilities Program” in this Official Statement.

### **Alturas Prep Campus Deed of Trust**

Pursuant to a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of November 1, 2024 (the “Deed of Trust”), to be executed by the Borrower in favor of the Trustee, relating to the Existing Facilities, the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds will be secured by a mortgage lien on and security interest in the Existing Facilities, subject to certain “Permitted Encumbrances” described in the Deed of Trust. The Deed of Trust will be amended if the Borrower acquires the Adjacent Property on which it will construct the New Facilities so



that the New Facilities are subject to the lien of the Deed of Trust. *The Borrower's Alturas International Campus will not be subject to the lien of the Deed of Trust securing repayment of the Series 2024 Bonds.* See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE DEED OF TRUST" in this Official Statement.

### **Debt Service Reserve Fund**

A portion of the proceeds of the Series 2024 Bonds will be used to fund the Debt Service Reserve Fund that secures the Series 2024 Bonds. Amounts in the Debt Service Reserve Fund funded with proceeds of the Series 2024 Bonds will satisfy the Debt Service Reserve Fund Requirement, which is equal to the least of (a) 10% of the original principal amount of the Series 2024 Bonds, or if any Series 2024 Bonds are issued with original issue discount, 10% of the proceeds of such Series 2024 Bonds, (b) the Maximum Annual Debt Service on the Series 2024 Bonds (which amount includes both the principal of and interest on the Series 2024 Bonds due in any Borrower's Fiscal Year), or (c) 125% of the average annual debt service on the Series 2024 Bonds and is not less than twelve (12) months of debt service on the Series 2024 Bonds pursuant to the provisions of the Public Charter School Facilities Program. Funds in the Debt Service Reserve Fund will secure the Series 2024 Bonds and may be used by the Trustee to pay principal of and interest on the Series 2024 Bonds in the event sums in the Bond Principal Fund and Bond Interest Fund are insufficient for such purpose. Unless needed to maintain the amount in the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement, investment income on amounts in the Debt Service Reserve Fund will be deposited in the Bond Principal Fund or Bond Interest Fund. See "SECURITY FOR THE SERIES 2024 BONDS" and See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE" in this Official Statement.

### **Special Covenants of the Borrower**

The Loan Agreement places certain restrictions on the incurrence of indebtedness by the Borrower. See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT" in this Official Statement.

### **Bondholders' Risks**

Certain risks associated with an investment in the Series 2024 Bonds are discussed under "RISK FACTORS" in this Official Statement.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are forward-looking statements of the type defined in the Private Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "expect," "project," "intend," "anticipate," "believe," "may," "will," "continue" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results, and that those differences could be material.

## **THE ISSUER**

The Issuer is an independent public body corporate and politic organized and existing under the constitution and laws of the State of Idaho (the "State"). The Issuer was created by the Idaho Legislature

under the provisions of the Title 67, Chapter 62, Idaho Code, as amended (the “Act”). The Act empowers the Issuer, among other things, to issue nonrecourse revenue bonds to finance loans to nonprofit corporations for nonprofit facilities that promote charitable, educational, human service, cultural and other purposes pursued by such nonprofit corporations.

The Series 2024 Bonds are limited obligations of the Issuer. The Issuer is not pledging its general credit to the Series 2024 Bonds. No recourse by any Owner of the Series 2024 Bonds may be had for the payment of the principal of, premium, if any, or interest on any of the Series 2024 Bonds or for any claim based thereon or upon any obligation, covenant, or agreement in the Indenture or the Loan Agreement, against any past, present, or future officer, director, counsel, advisor or agent of the Issuer or any successor thereto, as such, directly or through the Issuer or any successor thereto, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise.

The Issuer has no obligation whatsoever with respect to this financing after the issuance of the Series 2024 Bonds. The Issuer does not and will not in the future monitor the financial condition of the Borrower, the operation of the Facilities or otherwise monitor payment of the Series 2024 Bonds or compliance with the documents relating thereto. The responsibility for the operation of the Facilities will rest entirely with the Borrower. All payments made pursuant to the Loan Agreement will be made directly to the Trustee for disbursement to the Bondholders.

None of the revenues to pay the Series 2024 Bonds will come from the Issuer and therefore the Issuer’s financial information and status is irrelevant to any investment decision with respect to the Series 2024 Bonds. As a result, no information regarding the Issuer will be provided in respect of any continuing disclosure requirement relating to the Series 2024 Bonds. The Issuer has not assumed responsibility for any information in this Official Statement, except for the information under this caption and the caption “LEGAL MATTERS – Pending and Threatened Litigation – *No Proceedings Against the Issuer.*”

## **THE BORROWER**

The Borrower operates a charter school known as Alturas Preparatory Academy (the “Alturas School” or the “Charter School”) located at the Existing Facilities (the “Alturas Prep Campus”). The Charter School provides public education to students in grades 6-12 pursuant to a charter agreement with the Idaho Public Charter School Commission, a commission located in the Office of the State Board of Education (the “Commission”), effective July 1, 2021 for a five-year term which is set to expire on June 30, 2026 (the “Charter Contract”) and operates the charter school pursuant to the Accelerating Public Charter Schools Act, Title 33, Chapter 52, as amended (the “Public Charter Schools Act”). Under the Public Charter Schools Act, a charter agreement may be renewed for up to a twelve-year period and is subject to revocation, after reasonable notice and opportunity to cure, for failure to comply with the charter agreement and/or any other applicable laws or rules. The Borrower may not charge tuition and does not have any taxing authority. The Charter School serves grades six through twelve. For more information, see “APPENDIX A – THE BORROWER AND THE FACILITIES” in this Official Statement.

At the time of issuance of the Series 2024 Bonds, only the revenues of the Alturas School and the Borrower are available for payment of debt service on the Series 2024 Bonds. See “RISK FACTORS – Operating History; Reliance on Borrower Projections” and “APPENDIX K – BORROWER’S BUDGET PROJECTION” in this Official Statement.

The Borrower receives its funding from State Payments which it receives from the State for educating students. See “APPENDIX B – CHARTER SCHOOLS IN IDAHO” in this Official Statement.

*Alturas International Campus.* Alturas International Academy (“Alturas International”) is located at 151 North Ridge Avenue, Idaho Falls, Idaho (the “Alturas International Campus”) for students in grades K-5. The Borrower commenced operations at Alturas International in the 2016-2017 school year. The Borrower is affiliated to Alturas International through (i) the Transfer Agreement, (ii) overlapping board membership, and (iii) common administrators. *The State Payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds. The Alturas International Campus will not be subject to the lien of the Deed of Trust securing repayment of the Series 2024 Bonds.*

## **PLAN OF FINANCE**

The Borrower will use the proceeds of the Series 2024 Bonds, along with other available funds of the Borrower, to: (i) finance the acquisition of the Existing Facilities; (ii) finance the acquisition and construction of the New Facilities on the Adjacent Property or on the same property as the Existing Facilities; (iii) fund a debt service reserve fund, and (iv) pay certain costs of issuance of the Series 2024 Bonds. See “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE” in this Official Statement.

### **Land and Building Acquisition; Construction of the New Facilities**

The Borrower will purchase the Existing Facilities from Building Hope Grand Teton Mall, LLC (the “Existing Facilities Seller”), using proceeds of the Series 2024 Bonds, for a purchase price of \$11,018,082.87, subject to certain adjustments. The Existing Facilities Seller is the current landlord under the current lease pursuant to which the Borrower leases the Existing Facilities.

The Borrower may purchase the Adjacent Property from the Adjacent Property Seller (as defined herein) pursuant to a separate purchase agreement using proceeds of the Series 2024A Bonds held in the Gymnasium Account of the Project Fund under the Indenture. The purchase of the Adjacent Property and the construction of the New Facilities is contingent upon the Borrower satisfying certain conditions under the Loan Agreement. In the event the Borrower does not purchase the Adjacent Property, the Borrower may determine to modify the size and scope of the New Facilities and proceed to construct said improvements on the same site as the Existing Facilities (the “Existing Facilities Site”), subject to satisfying the conditions under the Loan Agreement required for such construction, or (ii) determine not to construct the New Facilities. In the case of clause (i), the Borrower will use the funds held in the Gymnasium Account of the Project Fund to cause the construction of the New Facilities on the Existing Facilities Site. Any funds remaining in the Gymnasium Account of the Project Fund after all costs have been paid for the New Facilities will be transferred to the Bond Principal Fund and used for payment of maturing principal on the Series 2024 Bonds. In the case of clause (ii), a special mandatory redemption of Series 2024A Bonds shall occur from the funds held in the Gymnasium Account of the Project Fund in accordance with the Indenture. See “THE SERIES 2024 BONDS – Prior Redemption – *Excess Proceeds Redemption*” herein.

See also “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Land and Building Acquisition; Construction of the New Facilities,” “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE – Section 5.5” and “ – THE LOAN AGREEMENT – Section 4.2” in this Official Statement.

### **Owner’s Representative and Project Management**

The Borrower has engaged Paradigm of Idaho, Inc. (“Paradigm”), to serve as the owner’s representative for construction of the New Facilities pursuant to a Professional Services Agreement (the “Professional Services Agreement”). Pursuant to the Professional Services Agreement, Paradigm will

assist the Borrower with completion of the New Facilities, including monitoring the project budget and schedule throughout construction. Paradigm has experience managing the development process for commercial and nonprofit real estate projects ranging from small retail to charter schools to church buildings. See “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Owner’s Representative and Project Management” in this Official Statement.

**SOURCES AND USES OF FUNDS**

The following table sets forth anticipated sources and uses of funds in connection with the plan of finance described above:

<b>Sources:*</b>	
Par Amount of Series 2024A Bonds	\$17,040,000
Par Amount of Series 2024B Bonds	245,000
Original Issue Discount	(351,827)
Rent Credit	183,000
<b>Total Sources:</b>	<b>\$17,116,173</b>
 <b>Uses:*</b>	
Deposit to the Acquisition Account of the Project Fund (for Existing Facilities)	\$11,175,841
Deposit to the Gymnasium Account of the Project Fund (for New Facilities)	4,250,000
Real Estate Closing Costs	75,000
Deposit to the Debt Service Reserve Fund	1,030,656
Costs of Issuance <sup>(1)</sup>	584,676
<b>Total Uses:</b>	<b>\$17,116,173</b>

<sup>(1)</sup> Includes Underwriter’s compensation, legal fees and expenses, printing, Rating Agency fees, Trustee fees, Issuer fees, accountant fees, and other expenses associated with the issuance of the Series 2024 Bonds.

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## DEBT SERVICE SCHEDULE

The table below sets forth the amounts required to be paid with respect to the Series 2024 Bonds, assuming no prepayments other than from scheduled mandatory sinking fund redemptions. Interest on the Series 2024 Bonds will be paid on May 1 and November 1 of each year, commencing May 1, 2025\*. Principal of the Series 2024 Bonds will be paid on May 1 of each year, commencing (i) May 1, 2028\* for the Series 2024A Bonds, and (ii) May 1, 2027\* for the Series 2024B Bonds.

Year Ending May 1	Series 2024A Bonds		Series 2024B Bonds		Total Debt Service
	Principal Amount*	Interest Amount	Principal Amount*	Interest Amount	
2025					
2026					
2027			\$210,000		
2028	\$185,000		35,000		
2029	270,000				
2030	280,000				
2031	290,000				
2032	305,000				
2033	315,000				
2034	330,000				
2035	345,000				
2036	355,000				
2037	370,000				
2038	385,000				
2039	405,000				
2040	420,000				
2041	440,000				
2042	460,000				
2043	475,000				
2044	500,000				
2045	520,000				
2046	545,000				
2047	570,000				
2048	595,000				
2049	620,000				
2050	650,000				
2051	680,000				
2052	710,000				
2053	745,000				
2054	780,000				
2055	815,000				
2056	855,000				
2057	900,000				
2058	940,000				
2059 <sup>(1)</sup>	985,000				
<b>Totals</b>	<b>\$17,040,000</b>		<b>\$245,000</b>		

<sup>(1)</sup> Excludes application of the amount on deposit in the Debt Service Reserve Fund to the final payment of principal due on the Series 2024A Bonds.

## THE SERIES 2024 BONDS

### General

The Series 2024 Bonds will be dated as of their date of delivery, will be issued in the aggregate principal amount, will bear interest at the rates and will mature on the dates, subject to redemption as described below, set forth on the inside front cover page hereof. The Series 2024 Bonds are issued in fully registered form in denominations of \$5,000 or integral multiples of \$5,000 in excess thereof (“Authorized Denominations”). Interest on the Series 2024 Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025\* (each an “Interest Payment Date”) by check or draft mailed to the registered owners of the Series 2024 Bonds. Interest on the Series 2024 Bonds shall be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Amounts due with respect to the Series 2024 Bonds will be payable in lawful money of the United States. Payment of principal, premium, if any, and interest on the Series 2024 Bonds will be paid by check or draft mailed to the registered Owner thereof at his or her address as it appears on the Bond Registration Books on the Record Date. Payments for the principal of and interest on the Series 2024 Bonds will be made as described in “APPENDIX H – BOOK-ENTRY ONLY SYSTEM” in this Official Statement.

### Prior Redemption

#### Optional Redemption.

*Series 2024A Bonds.* The Series 2024A Bonds are subject to redemption at the option of the Issuer (which option shall be exercised upon the written direction of the Authorized Representative of the Borrower) in whole or in part on any Business Day on or after \_\_\_\_\_ 1, 20\_\_ at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption. The Series 2024A Bonds to be redeemed shall be selected by the Borrower.

*Series 2024B Bonds.* The Series 2024B Bonds are not subject to optional redemption at the option of the Borrower.

#### Mandatory Sinking Fund Redemption.

*Series 2024A Bonds.* The Series 2024A Bonds maturing as set forth below and on the following page are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows in the years and in the principal amounts specified in the sinking fund redemption schedules set forth below and on the following page:

#### **\$3,835,000\* Series 2024A Bonds Maturing May 1, 2039\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>
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<sup>(1)</sup>Stated Maturity.

**\$2,295,000\* Series 2024A Bonds Maturing May 1, 2044\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>
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*<sup>(1)</sup>Stated Maturity.*

**\$2,850,000\* Series 2024A Bonds Maturing May 1, 2049\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>
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*<sup>(1)</sup>Stated Maturity.*

**\$3,565,000\* Series 2024A Bonds Maturing May 1, 2054\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>
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*<sup>(1)</sup>Stated Maturity.*

**\$4,495,000\* Series 2024A Bonds Maturing May 1, 2059\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>	<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal Amount</u>
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*<sup>(1)</sup>Stated Maturity.*

*Series 2024B Bonds.* The Series 2024B Bonds maturing as set forth on the following page are subject to mandatory sinking fund redemption prior to maturity at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows in the years and in the principal amounts specified in the sinking fund redemption schedule set forth on the following page:

**\$245,000\* Series 2024B Bonds Maturing May 1, 2028\***

<u>Redemption Date</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>
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*<sup>(1)</sup>Stated Maturity.*

*Redemption of Series 2024 Bonds Upon Occurrence of Certain Events.*

The Series 2024 Bonds are redeemable at the option and upon the written direction of an Authorized Representative of the Borrower to the Issuer and the Trustee, in whole at any time or in part on any Business Day from and to the extent of funds on deposit under the Indenture and available for this purpose at a redemption price equal to the principal amount of each Series 2024 Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

- (a) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either (i) the Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction, (ii) the Borrower is thereby prevented from carrying on its normal operations for a period of 12 consecutive months, (iii) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of the Loan Agreement, or (iv) the final maturity of the Series 2024 Bonds is within five years of the date of such damage or destruction.
- (b) Title to, or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental issuer, or Person, firm or corporation acting under governmental authority or because of a defect in title.
- (c) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Loan Agreement. Redemption as described in this paragraph shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of the Series 2024 Bonds as described in (a) and (b) above.

Except for optional redemption or redemption of the Series 2024 Bonds upon occurrence of certain events, (i) if less than all of the outstanding Series 2024 Bonds are redeemed, the Series 2024 Bonds will be selected by the Trustee on a pro rata by maturity basis and by lot within each maturity, or (ii) if less than all of the Series 2024 Bonds in a single maturity are redeemed, the portions thereof to be redeemed will be selected by lot by the Trustee (or by random drawing while the Series 2024 Bonds are held in book-entry form), or (iii) if the Series 2024 Bonds are to be redeemed in part, the Series 2024 Bonds will be selected by lot by the Trustee.

*Mandatory Redemption Upon Determination of Taxability.* All Series 2024 Bonds are subject to mandatory prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can



be given following the occurrence of a Determination of Taxability (as defined in APPENDIX E), at a redemption price equal to 100% of the principal amount hereof plus accrued interest to the redemption date.

*Redemption Upon Default Under the Loan Agreement.*

Subject to the requirement under the Indenture that the Series 2024 Bonds shall not be accelerated or redeemed without the prior written consent of the State Treasurer, all or a portion of the Series 2024 Bonds, as applicable, are subject to redemption at par together with interest accrued thereon to the date fixed for redemption, in whole or in part, as soon as is practicable following the Trustee's receipt of written notice of an uncured default under the Loan Agreement and at the direction of at least a majority of the Owners of the Series 2024 Bonds Outstanding in an amount equal to the extent of the Borrower's obligation thereunder from amounts received from the foreclosure or nonjudicial sale of the Facilities and, if necessary, amounts on deposit in the Debt Service Reserve Fund. In such event, the Series 2024 Bonds, in an amount equal to the Borrower's loan obligation, shall be called for redemption. To the extent there is a deficiency in the amount of monies received from the foreclosure or nonjudicial sale when added to amounts on deposit in the Debt Service Reserve Fund to redeem such amount of the Series 2024 Bonds, the Borrower undertakes pursuant to the Loan Agreement to promptly provide to the Trustee any additional funds required to redeem the necessary amount of remaining Series 2024 Bonds Outstanding and to the extent there still remains a deficiency, the Trustee shall redeem Series 2024 Bonds in accordance with the Indenture.

*Redemption Upon Failure to Meet the Debt Service Reserve Fund Requirement Pursuant to the Public Charter School Facilities Program.*

In the event of a draw on the Debt Service Reserve Fund resulting in the balance therein falling below the Debt Service Reserve Fund Requirement, the Series 2024 Bonds are subject to redemption at par together with interest accrued thereon to the date fixed for redemption, in whole, from amounts deposited with the Trustee by the State Controller pursuant to an appropriation made by the State Legislature to redeem all Outstanding Series 2024 Bonds pursuant to Idaho Code, Section 33-5218(7)(a)(iv). In such event, the Series 2024 Bonds, in an amount equal to the Borrower's loan obligation, shall be called for redemption, or in lieu of redemption, upon written request by the State Treasurer, the Trustee shall receive the necessary funds from the State Controller to purchase the Outstanding Series 2024 Bonds after providing notice as provided in the Indenture, and the Trustee shall then transfer such Outstanding Series 2024 Bonds to the State, which shall become a Registered Owner under the Indenture.

*Excess Proceeds Redemption.*

If the Borrower fails to satisfy the requirements of the Loan Agreement relating to the preconditions for disbursement of proceeds held in the Gymnasium Account within the Project Fund and therefore does not receive any portion of the proceeds of the Series 2024A Bonds on deposit in the Gymnasium Account within the Project Fund on or before October 1, 2026, the Trustee shall apply the full balance then on deposit in the Gymnasium Account within the Project Fund, less any amounts determined by the Rebate Analyst necessary to deposit to the Rebate Fund as further described below, to the special mandatory redemption on November 1, 2026, of the Series 2024A Bonds maturing May 1, 2059\*, in full or on a pro-rata basis in consideration of the balance then on deposit in the Gymnasium Account of the Project Fund and the amounts of each mandatory sinking fund redemption for the specified maturity at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the November 1, 2026 redemption date, and shall cause notice of such redemption to be provided by mailing by first class mail a copy of the redemption notice to the Registered Owners of such Series 2024A Bonds designated for redemption, at their addresses as the same shall last appear upon the registration records, not less than 15 days prior to the November 1, 2026 redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series

2024A Bonds on November 1, 2026. The notice of redemption shall specify the date fixed for redemption (November 1, 2026), the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2024A Bonds to be redeemed, that interest accrued to the November 1, 2026 redemption date will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

If the Borrower fails to satisfy the preconditions for disbursements from the Gymnasium Account within the Project Fund by September 1, 2026, the Trustee shall prior to October 1, 2026, cause the Rebate Analyst to prepare a rebate calculation to determine the amount, if any, of investment earnings necessary to deposit to the Rebate Fund for the payment of the Rebate Amount, if any, by Borrower, in accordance with section 148(f) of the Code. Upon receipt of the Rebate Analyst's rebate calculation, the Trustee shall prior to November 1, 2026, transfer the amount, if any, determined by the Rebate Analyst necessary to deposit to the Rebate Fund from the funds held in the Gymnasium Account within the Project Fund. See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT" in this Official Statement.

For a description of the conditions to disbursement of the proceeds held in the Gymnasium Account within the Project Fund, see "APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Land and Building Acquisition; Construction of the New Facilities," "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE – Section 5.5" and "– THE LOAN AGREEMENT – Section 4.2" in this Official Statement.

#### Notice of Redemption.

All or a portion of the Series 2024 Bonds shall be called for optional redemption by the Trustee upon receipt by the Trustee at least 45 days prior to the redemption date, of a certificate of the Authorized Representative of the Borrower specifying the principal amount of the Series 2024 Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of the Indenture pursuant to which such Series 2024 Bonds are to be called for redemption; provided that such certificate shall not be required with respect to a mandatory sinking fund redemption and Series 2024 Bonds shall be called for a mandatory sinking fund redemption by the Trustee pursuant to the Indenture without the necessity of any action by the Borrower. In the case of every redemption, the Trustee shall cause notice of such redemption by mailing by first-class mail a copy of the redemption notice to the Registered Owners of the Series 2024 Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 20 days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2024 Bonds. The Trustee shall not mail any notice of redemption (other than with respect to a sinking fund redemption; redemption of Series 2024 Bonds upon damage, destruction or condemnation; or redemption due to a Determination of Taxability) unless it has received from the Borrower, at least 45 days prior to the redemption date specified in the notice of redemption, evidence of the Borrower's ability to deliver Protected Funds (as defined in APPENDIX E) to redeem all Series 2024 Bonds called for redemption on the anticipated redemption date. If adequate Protected Funds are not received by the Trustee on the redemption date, no Series 2024 Bonds shall be redeemed.

Each notice of redemption shall specify conditions precedent to redemption, if any, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2024 Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Series 2024 Bonds or portions thereof to be redeemed.

## SECURITY FOR THE SERIES 2024 BONDS

### General

The Series 2024 Bonds constitute special, limited obligations of the Issuer payable solely from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement, (b) a pledge of the Funds (other than the Rebate Fund) and Pledged Revenues of the Borrower and, to the extent provided in the Indenture, all trust accounts created under the Indenture and the Loan Agreement, and (c) an assignment of the Issuer's security interest in the Pledged Revenues to the extent permitted by law. The loan payments required by the Borrower under the Loan Agreement constitute general obligations of the Borrower and are further secured by the Deed of Trust with respect to the Facilities.

The Series 2024 Bonds are special obligations of the Issuer, payable solely out of any of the moneys, securities and funds and accounts under the Indenture. None of the Issuer's funds are pledged to pay the Series 2024 Bonds, and the interest thereon does not represent or constitute nor give rise to a pecuniary liability, general or moral obligation, debt or bonded indebtedness or a pledge of the full faith and credit of the Issuer. The Series 2024 Bonds are not a debt of the State, the Legislature thereof, or any political subdivision of any body corporate and politic thereof, nor any municipality therein, and neither the State, the Issuer, nor any commissioner, officer or employee thereof, the Legislature thereof, nor any political subdivision or any body corporate and politic thereof nor any municipality therein will be obligated to pay the principal of or any premium on the Series 2024 Bonds, the interest thereon, nor will they incur any liability in connection therewith nor other costs incident thereto except from revenues pledged therefore under the Indenture. No assets of the Issuer shall be at risk in connection with the Series 2024 Bonds.

"Pledged Revenues" means, State Payments and the Charter School Facility Payments (defined below) allocable to the Borrower plus all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Borrower, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Borrower; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law; provided, however, "Pledged Revenues" shall not include the Special Disbursements (defined below) or other income of the Borrower relating to Alturas International.

### Public Charter School Facilities Program

*Generally.* The operation of the Public Charter School Facilities Program centers on the Debt Service Reserve Fund held by the Trustee under the Indenture. The Public Charter School Facilities Program requires that the amount on deposit in the Debt Service Reserve Fund be not less than twelve months of debt service on the Series 2024 Bonds (which amount includes both the principal of and interest on the Series 2024 Bonds due in any calendar year). "Public Charter School Facilities Program" means the Public Charter School Facilities Program established under Section 33-5218, Idaho Code, as amended.

Pursuant to the Loan Agreement, the Borrower covenants to make Loan Payments (as defined herein) from State Payments and Charter School Facility Payments on each Disbursement Date sufficient to pay the interest on the Series 2024 Bonds (due semi-annually on November 1 and May 1 of each year) and the principal of the Series 2024 Bonds (due or subject to sinking fund redemption on May 1 of each year).

"Charter School Facility Payments" means the facility payments made by the State to the Trustee pursuant to Section 33-5207(6), Idaho Code, which payments are expected to be made by the State to the Trustee each year in May and July.

“Disbursement Date” means (i) a date in August, November, February, May and July not more than two (2) Business Days after a State Payment is received by the Trustee (but in each case not later than the last day of the month in which a State Payment is received by the Trustee), commencing the date on which the first State Payment is received by the Trustee; or (ii) a date not more than two (2) Business Days after a Charter School Facility Payment is received by the Trustee, commencing the date on which the Charter School Facility Payment is received by the Trustee.

“Foundation Payments” means the payments made by the State to the Trustee on behalf of the Borrower each year on August 15, November 15, February 15, May 15, and July 15, or by July 31 for an Advance Payment.

“Special Disbursements” means all payments made by the State to the Trustee for certain designated purposes and which are not permitted to be used as Pledged Revenues; “Special Disbursements” shall not include (i) Charter School Facility Payments and (ii) Foundation Payments.

“State Payments” means the Foundation Payments which are permitted to be used as Pledged Revenues; provided, however, “State Payments” shall not include Special Disbursements and payments made by the State allocable to the Borrower which relate to Alturas International.

In the event that the amount on deposit in the Bond Interest Fund or the Bond Principal Fund are not sufficient to pay the interest on and principal of the Series 2024 Bonds when due, the Trustee is required to transfer money from the Debt Service Reserve Fund to cover any insufficiency in the Bond Interest Fund or the Bond Principal Fund. Within two (2) Business Days of any transfer of funds from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund by the Trustee because of a deficiency therein, the Trustee shall give written notice to the Borrower of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date and request that the Borrower deposit with the Trustee an amount equal to such deficiency within three (3) Business Days of the date of the Trustee’s notice. If the Borrower has not deposited with the Trustee an amount sufficient to cure the deficiency within the Debt Service Reserve Fund within three (3) Business Days of the date of the Trustee’s notice, then the Trustee shall immediately give written notice to the Issuer, the State Treasurer and the State Controller of the deficiency within the Debt Service Reserve Fund and in no event shall such notice be given later than ten (10) calendar days after such transfer of funds from the Debt Service Reserve Fund. Within fifteen (15) days of the Trustee’s notice, the State Controller shall transfer from the Public Charter School Facilities Fund established under the Public Charter School Facilities Program and held by the State to the Trustee on behalf of the Borrower an amount equal to one (1) month’s interest on the Series 2024 Bonds based on the interest payment for which the draw on the Debt Service Reserve Fund occurred, and the Trustee shall immediately deposit such amount to the Debt Service Reserve Fund.

The Trustee shall notify the Issuer and State Treasurer by November 5 of each year if the amount on deposit in the Debt Service Reserve Fund falls below the Debt Service Reserve Fund Requirement and the amount, if any, required to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Treasurer must then certify to the State Governor by December 1 of such year the amount, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Governor must then send to the State Legislature at the commencement of the next Legislative Session a statement of the expenditures of moneys from the Public Charter School Facilities Program Fund and report to State Legislature the amount, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement. The State Legislature may, but is not required, to make an appropriation to restore amounts on deposit in the Debt Service Reserve Fund to satisfy the Debt Service Reserve Fund Requirement or may appropriate an amount

sufficient to redeem all outstanding Series 2024 Bonds. The State Legislature may also appropriate State funds to restore amounts withdrawn from the Public Charter School Facilities Program Fund.

Upon the transfer of funds from the Public Charter School Facilities Fund by the State Controller to the Trustee on behalf of the Borrower, the Borrower is required to repay the State from the Charter School Facility Payments, in the time and manner required by the State Superintendent of Public Instruction. Additionally, until such time as the obligations of the Borrower owing to the State for any replenishment have been repaid in full, the State Treasurer may exercise certain rights, including the acceleration and redemption at par, in whole, of the Series 2024 Bonds, but only to the extent that there are sufficient moneys on deposit with the Trustee for such redemption.

Below is a table that shows the balance in the Public Charter School Facilities Program Fund as of the end of the fiscal years indicated. As of August 31, 2024, the balance is \$993,535.26.

<b>End of Fiscal Year</b>	<b>Balance</b>
2024	\$972,517.13
2023	550,079.60
2022	374,288.76
2021	138,503.59

*Source: State Treasurer’s Office.*

Pursuant to House Bill No. 521, adopted and signed into law by the Governor on March 29, 2024 (with an effective date of July 1, 2024, except for sections 2 and 3, which are retroactive to January 1, 2024), the Idaho Legislature authorized a transfer of unexpended money in the Public School Health Insurance Participation Fund remaining after June 30, 2025 to the Public Charter School Facilities Program Fund. The current estimate of the July 1, 2025 transfer is \$40-50 million. This legislation could be revised in the 2025 legislative session if the Idaho Legislature determines to make a change and the Governor agrees. No assurances can be made that a transfer of such amount or any amount will occur.

The State’s most recent Annual Comprehensive Report (the “ACFR”) and the State’s most current continuing disclosure information may be found on the internet at the Electronic Municipal Market Access (“EMMA”) website [www.emma.msrb.org](http://www.emma.msrb.org) by searching under the Idaho State Building Authority and on the State Treasurer’s website at <http://sto.idaho.gov/>. This inactive textual reference to the State Treasurer’s website is not a hyperlink and the State Treasurer’s website, by such reference, is not incorporated as a part of this Official Statement. In addition, see “APPENDIX I – SELECTED DATA ON THE STATE OF IDAHO” in this Official Statement for certain identified financial information with respect to the State. See also “CONTINUING DISCLOSURE” and “APPENDIX J – FORM OF STATE TREASURER CONTINUING DISCLOSURE UNDERTAKING” in this Official Statement for the State’s continuing disclosure undertaking with respect to the Series 2024 Bonds.

*Public Charter School Facilities Program Borrower Eligibility.* The Issuer has determined, based upon the information provided by the Borrower in its application to the Issuer, that the Borrower qualifies as a public charter school that is qualified under the provisions of Section 33-5218, Idaho Code, as amended to utilize the Public Charter School Facilities Program. The Borrower operates a public school in accordance with the terms of the Charter Contract and the Public Charter Schools Act. In the Loan Agreement, the Borrower covenants and agrees to manage the Facilities in a manner that permits the Borrower to meet its obligations under the Loan Agreement. The Borrower’s Facilities will constitute and shall be used as a public charter school and are a permissible “project” within the provisions of the Public Charter Schools Act.

The Borrower's application submitted to the Issuer to participate in the Public Charter School Facilities Program contained the following information required pursuant to the Public Charter Schools Facilities Program:

- (a) A letter of commitment from the Underwriter;
- (b) Evidence that the Borrower has been in academic, operational, and financial good standing according to its authorizer for each of the previous three (3) years;
- (c) Annual budgets and cash flow statements projecting that the cost to operate the Facilities, including future debt service, future occupancy cost, and facility operating expenses, will not exceed twenty percent (20%) of ongoing revenues;
- (d) Evidence that the Borrower has operating reserves greater than sixty (60) days of cash on hand and a debt service coverage ratio equal to or greater than one and two-tenths (1.2);
- (e) An audit opinion or opinions demonstrating:
  - (i) An unqualified audit opinion, or a qualified opinion qualified only on the basis of not reporting the actuarial value of the PERSI sick leave plan pursuant to statement no. 45 of the governmental accounting standards board;
  - (ii) An audit devoid of significant findings and conditions, material weakness, or significant internal control weakness; and
  - (iii) An audit that does not include a going concern disclosure in the notes or an explanatory paragraph within the audit report for three (3) consecutive years;
- (f) Certification from the Borrower's Board Chair or Treasurer that projected future budgets and cash flows are based on reasonable assumptions related to level or increasing projected enrollment or waitlist and projected total income, including any matching funds and donations contingent on receipt of a loan under the Public Charter School Facilities Program;
- (g) Evidence of strong academic results, including above state average growth or proficiency on the Idaho standards achievement test; and
- (h) Any additional information requested by the Issuer.

*Provisions in the Indenture and the Loan Agreement Relating to the Public Charter School Facilities Program.* Notwithstanding any other provision of the Indenture or Loan Agreement or the Notes (as defined in the Indenture) evidencing the Loan thereunder to the contrary, so long as the Series 2024 Bonds remain outstanding and there has not been and is continuing a Non-Appropriation (as defined in APPENDIX E hereto), the following provisions shall apply:

- (a) The maturity of the Series 2024 Bonds shall not be accelerated or the Series 2024 Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer.
- (b) Neither the Loan nor the Notes shall be accelerated without the prior written consent of the State Treasurer.

(c) No action shall be taken under the Deed of Trust, including, without limitation, any action to foreclose under the Deed of Trust on the property subject thereto, without the prior written consent of the State Treasurer.

(d) To the extent not otherwise required, the Borrower shall pay or reimburse the Trustee any and all charges, fees, costs and expenses which the Issuer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture, the Loan Agreement, or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby.

(e) The Indenture shall not be discharged and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the Issuer or the State under the Public Charter School Facilities Program or otherwise shall have been paid in full. The Borrower's obligation to pay such amounts shall expressly survive payment in full of the Series 2024 Bonds.

#### **Acceleration Remedy May be Limited**

Upon the occurrence of an Event of Default under the Indenture, the Trustee may exercise certain remedies and, at the direction of the Owners of a majority of the aggregate principal amount of all the Series 2024 Bonds Outstanding, shall exercise certain remedies, including that the Trustee (i) may by notice in writing given to the Issuer and the Borrower, or (ii) shall, upon the written request of the Owners of a majority of all Series 2024 Bonds Outstanding, declare the principal amount of all Series 2024 Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE – Article VIII" in this Official Statement.

Notwithstanding the foregoing, so long as the Series 2024 Bonds remain outstanding and there has not been and is continuing a Non-Appropriation, the following provisions shall apply: (a) the maturity of the Series 2024 Bonds shall not be accelerated or the Series 2024 Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer, (b) neither the Loan nor the Notes shall be accelerated without the prior written consent of the State Treasurer, (c) no action shall be taken under the Deed of Trust, including, without limitation, any action to foreclose under the Deed of Trust on the property subject thereto, without the prior written consent of the State Treasurer, (d) to the extent not otherwise required, the Borrower shall pay or reimburse the Trustee any and all charges, fees, costs and expenses which the Trustee may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby, and (e) the Indenture shall not be discharged and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the State under the Public Charter School Facilities Program or otherwise shall have been paid in full. The Borrower's obligation to pay such amounts shall expressly survive payment in full of the Series 2024 Bonds. See "SECURITY FOR THE SERIES 2024 BONDS – Public Charter School Facilities Program" in this Official Statement.

“Non-Appropriation” means the legislature of the State does not appropriate money under the Public Charter School Facilities Program to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

## **The Indenture**

The Indenture provides that the Series 2024 Bonds will be equally and ratably secured thereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the Series 2024 Bonds, so that all Series 2024 Bonds at any time issued and Outstanding thereunder will have the same right, lien and preference under and by virtue of the Indenture.

As security for the Series 2024 Bonds, the Indenture grants, assigns and pledges to the Trustee for the benefit of the Registered Owners of the Series 2024 Bonds, (i) the Issuer’s rights and interests under the Loan Agreement (except the Issuer’s Unassigned Rights); (ii) the Issuer’s rights and interests in the Facilities (except the Issuer’s Unassigned Rights) subject to Permitted Encumbrances; (iii) the Pledged Revenues and all rights and interests of the Issuer in the Pledged Revenues, subject to Permitted Encumbrances, except the Issuer’s Unassigned Rights; (iv) the rights and interests of the Issuer and the Borrower under the Deed of Trust; and (v) all Funds created under the Indenture (other than the Costs of Issuance Fund and the Rebate Fund), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Series 2024 Bonds that are no longer deemed to be Outstanding, and all trust accounts containing all insurance and condemnation proceeds and all Pledged Revenues payable to the Trustee by or for the account of the Issuer pursuant to the Loan Agreement and the Indenture. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE” in this Official Statement.

### *Flow of Funds*

Under the Indenture, there shall be deposited in the Revenue Fund as and when received, all Loan Payments and all other monies deposited into the Revenue Fund, including all State Payments and Charter School Facility Payments, pursuant to the Loan Agreement or the Indenture. Special Disbursements and other funds received by the Trustee from the State for various federal or State programs unrelated to State Payments and unrelated to Charter School Facility Payments will be transmitted within one Business Day directly to the Borrower.

The Trustee, upon giving notice to the Issuer, the State Treasurer and the State Controller of a deficiency within the Debt Service Reserve Fund and the subsequent receipt by the Trustee of a Public Charter School Facilities Program Fund Disbursement, shall immediately deposit such amount to the Debt Service Reserve Fund.

On each Disbursement Date specified below, the Trustee shall, from monies held on deposit in the Revenue Fund, make disbursements and transfers in the following order of priority, the requirements of each such disbursement or transfer (including the making up of any deficiencies resulting from Loan Payments, State Payments and Charter School Facility Payments which were not sufficient to make disbursements or transfers due on any prior Disbursement Date) on the specified Disbursement Date to be satisfied, and the results of such satisfaction being taken into account before any disbursement or transfer is made subsequent in priority:

FIRST: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, for deposit in the Bond Interest Fund (after taking into consideration earnings or capitalized interest amounts then on deposit in the Bond Interest Fund), (a)(i) with respect to State Payments made in August, an amount equal to 50% of the interest on the Series 2024 Bonds due during the then current Fiscal Year;



(ii) with respect to State Payments made in November, an amount equal to 25% of the interest on the Series 2024 Bonds due during the then current Fiscal Year; and (iii) with respect to State Payments made in February, an amount equal to 25% of the interest on the Series 2024 Bonds due during the then current Fiscal Year; plus (b) on any Disbursement Date, including May and July, from State Payments and/or Charter School Facility Payments, all amounts due as to interest on the Series 2024 Bonds on the immediately preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Interest Fund;

SECOND: on the Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, for deposit in the Bond Principal Fund, (a)(i) with respect to State Payments made in August, an amount equal to 50% of the principal on the Series 2024 Bonds due during the then current Fiscal Year; (ii) with respect to State Payments made in November, an amount equal to 25% of the principal on the Series 2024 Bonds due during the then current Fiscal Year; and (iii) with respect to State Payments made in February, an amount equal to 25% of the principal on the Series 2024 Bonds due during the then current Fiscal Year, plus (b) on any Disbursement Date, including May and July, from State Payments and/or Charter School Facility Payments, all amounts due as to principal on the Series 2024 Bonds on the immediately preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Principal Fund;

THIRD: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, to the Debt Service Reserve Fund, the amount required, if any, under the Indenture, to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement prior to November 1 of each year in equal installments;

FOURTH: on the Disbursement Date following the last Business Day of every Rebate Year and continuing on each Disbursement Date thereafter until the full amount is so paid, to the Rebate Fund, any amount, as directed by Borrower to the Trustee, required of the Borrower to be deposited in the Rebate Fund;

FIFTH: on each Disbursement Date, excluding July, commencing after the date of issuance of the Series 2024 Bonds (i) to the Expense Fund, an amount equal to one-fourth of the Trustee's Fees and Trustee's Expenses due on the next invoiced date, plus (ii) to the Expense Fund, an amount equal to one-fourth of the Issuer's Annual Fee due on the next invoiced date, plus (iii) to the Expense Fund, an amount equal to one-fourth of the Public Charter School Facilities Program Annual Fee due on the next invoiced date, plus (iv) to the Expense Fund, an amount equal to one-fourth of the annual Rating Agency surveillance fee due on the next invoiced date, plus (v) to the Expense Fund, an amount equal to the Rebate Analyst its Rebate Analyst fee, plus (vi) any amount previously due as described under (i), (ii), (iii), (iv) or (v) of this paragraph but that remains unpaid because of an insufficiency in Pledged Revenues available therefore;

SIXTH: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through FIFTH above, to the Borrower, if not in default under the Loan Agreement.

Provided however, in any year in which the Borrower receives an Advance Payment, the payments described in (a)(i) of the FIRST paragraph above and (a)(i) of the SECOND paragraph above shall be, respectively, as follows:

FIRST: (a)(i)(A) with respect to an Advance Payment made in July, an amount equal to 25% of the interest on the Series 2024 Bonds due during the then current Fiscal Year and (B) with respect to the State Payments made in August, an amount equal to 25% of the interest on the Series 2024 Bonds due during the then current Fiscal Year.

SECOND: (a)(i)(A) with respect to an Advance Payment made in July, an amount equal to 25% of the Principal on the Series 2024 Bonds due during the then current Fiscal Year and (B) with respect to the State Payments made in August, an amount equal to 25% of the Principal on the Series 2024 Bonds due during the then current Fiscal Year.

The Trustee shall apply the funds comprising the Loan Payments as set forth in the Indenture. Any Loan Payments remaining on deposit with the Trustee after all payments required by the Indenture have been made shall be transferred within one Business Day by the Trustee to the operations account of the Borrower, which account information shall be provided to the Trustee in writing by the Borrower.

In the event that the dates of the State Payments are changed, the Trustee shall determine (with the services of a Management Consultant if needed) new scheduled deposit dates and amounts which will adequately provide for timely payments of the Series 2024 Bonds and expenses related thereto.

Further, on any Disbursement Date if the amount of the State Payment received by the Trustee is insufficient to make the disbursements required in the FIRST through FIFTH paragraphs above, the Trustee shall within (2) Business Days of such Disbursement Date give written notice to the Issuer, the State Treasurer and the State Controller.

“Advance Payment” means an advance State Payment made by July 31 of 25% of the Borrower’s estimated annual apportionment for its first year of operation, and each year thereafter, provided that the Borrower is serving more grades or at least ten percent (10%) more classes than the prior year, based on the Borrower’s anticipated fall enrollment.

### **Debt Service Reserve Fund**

The Indenture provides for the creation of the Debt Service Reserve Fund in the custody of the Trustee which is to be used solely for the payment of the principal of, premium, if any, and interest on the Series 2024 Bonds and any Additional Bonds issued under the Indenture in the event moneys in the Bond Principal Fund or Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, Principal Payment Date, sinking fund payment date, maturity date or otherwise. On the final maturity date of the Series 2024 Bonds, moneys in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Series 2024 Bonds.

Under the Indenture, the Debt Service Reserve Fund Requirement means an amount equal to the least of (a) 10% of the original principal amount of the Series 2024 Bonds, (b) the Maximum Annual Debt Service on the Series 2024 Bonds (which amount includes both the principal of and interest on the Series 2024 Bonds due in any Borrower’s Fiscal Year), or (c) 125% of the average annual debt service on the Series 2024 Bonds and is not less than twelve (12) months of debt service on the Series 2024 Bonds pursuant to the provisions of the Public Charter School Facilities Program, and (d) for any Series of Additional Bonds, an amount determined at the time of issuance of such Additional Bonds.

Upon the issuance of Additional Bonds, there will be deposited into a subaccount of the Debt Service Reserve Fund related to such series of Additional Bonds, an amount specified in the related supplemental indenture equal to the Debt Service Reserve Fund Requirement for such series of Bonds. There shall also be deposited into the applicable subaccount of the Debt Service Reserve Fund (a) all other moneys required to be deposited therein pursuant to the Loan Agreement or the Indenture, and (b) all other moneys received by the Trustee, as directed by the Borrower in a manner as set forth in the Loan Agreement or the Indenture, that such moneys are to be paid into the applicable subaccount of the Debt Service Reserve Fund.

The Trustee shall value the Investment Obligations in the Debt Service Reserve Fund on each Interest Payment Date at the lesser of their market value plus accrued interest to the valuation date or cost. The weighted average maturity of the Investment Obligations in the Debt Service Reserve Fund shall not exceed two (2) years. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to the Indenture) is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and credited in accordance with the Indenture. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this paragraph) is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Borrower in writing of the amount of such deficit and request that the Borrower deposit with the Trustee such amount in equal monthly installments to be paid on the next succeeding Disbursement Dates such that the amount on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement prior to May 1 of each year. For additional information, see “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE – Section 3.7” in this Official Statement.

In the event that the amount on deposit in the Bond Interest Fund or the Bond Principal Fund are not sufficient to pay the interest on and principal of the Series 2024 Bonds when due, the Trustee is required to transfer money from the Debt Service Reserve Fund to cover any insufficiency in the Bond Interest Fund or the Bond Principal Fund. If the Borrower has not deposited with the Trustee an amount sufficient to cure the deficiency within the Debt Service Reserve Fund within three (3) Business Days of the date of the Trustee’s notice, then the Trustee shall immediately give written notice to the Issuer, the State Treasurer and the State Controller of the deficiency within the Debt Service Reserve Fund and in no event shall such notice be given later than ten (10) calendar days after such transfer of funds from the Debt Service Reserve Fund. See “SECURITY FOR THE SERIES 2024 BONDS – Public Charter School Facilities Program” in this Official Statement.

### **Additional Bonds**

Additional Bonds secured by and payable solely from the Trust Estate under the Indenture may be issued in one or more additional series provided the following terms and conditions have been met:

- (i) the Trustee has received a copy, duly certified by the Issuer, of the resolution enacted by the Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of a supplemental indenture, supplementing and amending the Indenture, which supplemental indenture shall not require the approval of the Registered Owners of the Bonds Outstanding, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of the Indenture, and of an agreement supplementing and amending the Loan Agreement;
- (ii) the Trustee and the Issuer have received an Opinion of Counsel to the Borrower in form and substance acceptable to the Trustee, the Issuer and Bond Counsel;

- (iii) the Trustee has received a certificate of an Authorized Representative of the Borrower to the effect that the Borrower is not in default under the Loan Agreement or the Indenture, is not aware of any Events of Default under the Loan Agreement or the Indenture and that such Indebtedness may be issued under the Loan Agreement provisions regarding limitations on the incurrence of additional indebtedness, as further described below;
- (iv) the Trustee and the Issuer have received an opinion of nationally recognized municipal bond counsel to the effect that (a) the issuance of such Additional Bonds will not affect adversely the exclusion from gross income for federal income tax purposes of interest on any Outstanding Tax-Exempt Bonds, and (b) the Additional Bonds to be delivered will be valid and legal special limited obligations of the Issuer in accordance with their terms and will be secured under the Indenture equally and on a parity with all other Bonds at the time Outstanding as to the assignment to the Trustee of the Trust Estate;
- (v) the Trustee has received original executed counterparts of an agreement supplementing and amending the Loan Agreement, an agreement supplementing and amending the Deed of Trust (if necessary), and the supplemental indenture supplementing and amending the Indenture;
- (vi) to the extent the Additional Bonds are issued pursuant to the Public Charter School Facilities Program, the Issuer has received and filed with the Trustee an opinion of Special Counsel substantially to the effect that the Public Charter School Facilities Program does not violate Section 1 or 2 of the Article VIII of the Idaho Constitution;
- (vii) the Trustee has received a request and authorization to the Trustee on behalf of the Issuer and signed by any Authorized Representative of the Issuer to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;
- (viii) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional Debt Service Reserve Fund Requirement for deposit into the Debt Service Reserve Fund;
- (ix) the Trustee and the Issuer have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly authorized, executed and delivered and constitute the binding special limited obligations of the Issuer, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable);
- (x) the Trustee has received evidence satisfactory to the Trustee that the Borrower is in good standing with the Authorizer and the charter agreement between the Borrower and the Authorizer has not been repealed;
- (xi) the Trustee has received a written certification from the Borrower that, after taking into consideration the Additional Bonds, it meets the requirements of the Loan Agreement regarding the incurrence of additional indebtedness; and
- (xii) to the extent the Additional Bonds are issued pursuant to the Public Charter School Facilities Program, the Trustee has received written certifications from the State Treasurer

and the State Department of Education evidencing compliance with the issuance limitations set forth in the Public Charter School Facilities Program.

## **The Loan Agreement**

### *Loan Payments and Pledge by the Borrower*

Under the Loan Agreement, the Issuer agrees to loan the proceeds of the Series 2024 Bonds to the Borrower for the purpose of financing the Facilities and the Borrower agrees to make payments into the Revenue Fund on each Disbursement Date as repayment of the Loan until the principal of, premium, if any, and interest on the Series 2024 Bonds have been paid. As used herein, the loan made pursuant to the Loan Agreement is referred to herein as the “Loan” (and related payments are “Loan Payments”). In fulfillment of its obligations under the Loan Agreement, the Borrower pledges to the payment of the Loan, the following:

- (i) all of the Borrower’s right, title and interest in and to the Facilities, including all related additions, replacements, substitutions and proceeds for the purposes of securing the Loan;
- (ii) all Pledged Revenues; and
- (iii) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security by the Borrower or by anyone on its behalf.

See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT” in this Official Statement.

### *Direction to the State*

Under the Indenture, all Loan Payments made by the Borrower shall be deposited in the Revenue Fund as and when received. In support of its obligation to make Loan Payments, the Borrower covenants in the Loan Agreement to direct the State to transfer all of the Borrower’s State Payments, Charter School Facility Payments, and Special Disbursements directly to the Trustee. Under the Loan Agreement, the Borrower agrees that such direction will be renewed as necessary to ensure that all State Payments, Charter School Facility Payments, and Special Disbursements are transferred directly to the Trustee for so long as any of the Series 2024 Bonds remain outstanding or unsatisfied, and that all such directions shall remain irrevocable so long as any of the obligations of the Borrower under the Loan Agreement remain outstanding or unsatisfied. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Section 2.6” in this Official Statement.

### *Obligations Unconditional*

Under the Loan Agreement, the obligations of the Borrower to make the payments required thereunder are unconditional and are a recourse obligation of the Borrower. The Loan Agreement provides that the Borrower will not suspend or discontinue any payments provided for therein; will perform and observe all of its other agreements contained in the Loan Agreement, the Deed of Trust and the Notes; and, except as otherwise provided therein, will not terminate the Loan Agreement for any cause. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Section 5.4” in this Official Statement.

Limitations on Incurrence of Long-Term Indebtedness

The Borrower shall not incur, assume, guarantee, or otherwise become liable for any Long-Term Indebtedness other than:

(a) Satisfaction of Coverage. Upon satisfaction of the following:

(i) *No Default*: Delivery of a certificate signed by an Authorized Representative of the Borrower stating that no Event of Default is then existing under the Indenture or any debt outstanding or any agreement entered into by the Borrower in conjunction with such debt;

(ii) *Coverage*. The conditions contained in subsections (ii)(A) and (ii)(B) or the conditions in subsection (ii)(C) below are satisfied:

(A) *Historical Coverage on Outstanding Debt* - Delivery of a certificate signed by an Authorized Representative of the Borrower stating that, for the Borrower's most recently completed Fiscal Year, Net Income Available for Debt Service is equal to at least 1.20 times Maximum Annual Debt Service on all Indebtedness then outstanding for the recently completed fiscal year; and

(B) *Projected Coverage for Additional Debt* - An Independent Management Consultant selected by the Borrower provides a written report setting forth projections which indicate that the estimated Net Income Available for Debt Service for each of the three consecutive Fiscal Years beginning in the earlier of the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, is equal to at least 1.20 times Maximum Annual Debt Service on all Indebtedness then outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the Long-Term Indebtedness to be issued; or

(C) *Alternate Coverage for Additional Debt* - The Borrower shall deliver a certificate signed by an Authorized Representative of the Borrower stating that, based on the audited results of the operations for the most recently completed Fiscal Year, Net Income Available for Debt Service is equal to at least 1.10 times Maximum Annual Debt Service on all Indebtedness then outstanding as well as the Long-Term Indebtedness proposed to be issued.

(b) Refunding Debt. If Long-Term Indebtedness is being issued for the purpose of refunding any outstanding Indebtedness, such Indebtedness may be issued upon the delivery of a certificate signed by an Authorized Representative of the Borrower referenced in subsection (a)(i) above and stating that the Annual Debt Service Requirement of the Borrower will be reduced after the refunding of such Indebtedness; or

(c) Completion Debt. In the event such Indebtedness is being issued or incurred for the purpose of completing any related project, such Indebtedness may be issued in amounts not to exceed 10% of the principal amount of the Indebtedness originally issued for such related project upon delivery of a certificate signed by an Authorized Representative of the Borrower that such Long-Term Indebtedness is required to fund the costs of completion.

The satisfaction of the conditions set forth in subsections (a)(i), (a)(ii), (b), and (c) above shall be evidenced to the Trustee by delivery of a certificate signed by an Authorized Representative of the Borrower.

The Trustee shall have no duty regarding such information delivered in accordance with this Section other than to retain any such information that it receives and transmit same in accordance herewith.

Covenant as to Cash on Hand

“Cash on Hand” means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the Borrower. Cash on Hand specifically does not include amounts held by the Trustee.

“Coverage Ratio” means the ratio of the Borrower’s Net Income Available for Debt Service over the principal and interest requirements on Long-Term Indebtedness during such Fiscal Year.

“Days Cash on Hand” means (i) Cash on Hand of the Borrower, as shown on the financial statements for each Fiscal Year divided by (ii) the quotient of Operating Expenses, as shown on the financial statements of the Borrower for such Fiscal Year, divided by 365.

The Borrower covenants and agrees in the Loan Agreement to maintain unrestricted Cash on Hand in its operating fund such that at the end of each Fiscal Year the amount on deposit in such fund shall be equal to or greater than 90 Days Cash on Hand. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction (including, without limitation, changes in state or federal funding schedules), shall not permit or enable the Borrower to maintain such level of Cash on Hand, then the Borrower shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level (the “Adjusted Cash on Hand”). See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Section 8.18” in this Official Statement.

Coverage Ratio Covenant

“Net Income Available for Debt Service” means, for any period of determination thereof, the aggregate Pledged Revenues of the Borrower for such period minus the total Operating Expenses for such period but excluding from Operating Expenses for purposes of this calculation: (a) any profits or losses which would be regarded as extraordinary items under Generally Accepted Accounting Principles, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Bonds and any other Indebtedness permitted by the Loan Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Borrower, the proceeds of any sale, transfer or other disposition of the Facilities or any other of the Borrower’s assets by the Borrower, and any condemnation or any other damage award received by or owing to the Borrower. For clarity, when determining Net Income Available for Debt Service, principal and interest requirements on Long-Term Indebtedness shall not be considered an Operating Expense.

The Borrower covenants in the Loan Agreement, so long as any Bonds remain outstanding, commencing with the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter, as measured on the last day of each Fiscal year, the Borrower will also comply with either of the following covenants: (i) maintain a Coverage Ratio in each Fiscal Year that will be at least 1.00x during such Fiscal Year if the unrestricted Cash on Hand in its operating fund is at least 90 Days Cash on Hand; or (ii) maintain a Coverage Ratio in each Fiscal Year that will be at least 1.10x during such Fiscal Year if the unrestricted Cash on Hand in its operating fund is less than 90 Days Cash on Hand.

If the Borrower maintains at least 90 Days Cash on Hand as measured on the last day of each Fiscal Year, then the Borrower will budget and set expenses and will operate, subject to applicable requirements or restrictions imposed by law, such that the Borrower's Coverage Ratio for the Fiscal Year ending June 30, 2025 and each Fiscal Year thereafter, will be at least 1.00x during such Fiscal Year. If the Borrower has not maintained at least 90 Days Cash on Hand as measured on the last day of each Fiscal Year, then the Borrower will budget and set expenses and will operate the Facilities, subject to applicable requirements or restrictions imposed by law, such that the Borrower's Coverage Ratio for the Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter, will be at least 1.10x during such Fiscal Year. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction over the Borrower, do not permit the Borrower to produce such level of Net Income Available for Debt Service, then the Borrower will, in conformity with the then prevailing laws, rules or regulations, maintain its Net Income Available for Debt Service equal to the maximum permissible level (the "Adjusted Net Income Available for Debt Service"). The Borrower will provide the Trustee and the Majority Bondholder with a written certification if the Adjusted Net Income Available for Debt Service becomes applicable and the amount of such Adjusted Net Income Available for Debt Service and the Trustee is fully protected in relying on such written certification.

If the Cash on Hand as measured on the last day of each Fiscal Year is below the required amount, then, upon the written direction of a Majority Bondholder, the Borrower will promptly employ a Management Consultant, selected by or acceptable to the Majority Bondholder, to review and analyze the operations and administration of the Borrower, inspect the Facilities, and submit to the Borrower, the Trustee and the Majority Bondholder written reports, and make such recommendations as to the operation and administration of the Borrower as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Borrower agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to solicit the required Bondholder's selection or approval of such Management Consultant or to monitor the Borrower's compliance with any recommendations provided to it, and the Trustee's sole responsibility is to forward any such recommendations provided to it to the Registered Owners.

So long as the Borrower is otherwise in full compliance with its obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the required amount of Cash on Hand. If requested, the Borrower shall provide the Trustee with a written certification that the Borrower is, to the fullest extent practicable, in compliance with the recommendations of the Management Consultant and the Trustee shall be fully protected in relying on such written certification.

Further, notwithstanding the immediately preceding paragraphs, regardless of whether the Borrower has retained a Management Consultant, or in any subsequent Fiscal Year, if the Borrower's Coverage Ratio as of the end of such Fiscal Year is less than 1.00x for such Fiscal Year (as evidenced by the Borrower's audited financial statements for such Fiscal Year), then the Majority Bondholder may either (y) direct the Trustee to declare an Event of Default or (z) direct the Trustee to exercise one or more of the remedies permitted under the Loan Agreement. In the absence of direction of the Majority Bondholder, the Trustee may take the action described in clauses (y) and (z) of the preceding sentence.

See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Section 8.19" in this Official Statement.



Disposition of Facilities

The Borrower shall have the right to lease all or any part of the Facilities; provided, however, that the terms and provisions of any future leases will allow the Borrower to comply with the provisions of the Loan Agreement, the Tax Certificate and the Deed of Trust and contain the restrictions upon the use of the Facilities contained in the Loan Agreement, and, with respect to any lease the annual rental under which is equal to or greater than 5% of the unrestricted revenues of the Borrower for the most recent Fiscal Year or, when added to the annual rental payable under all other leases of the Facilities then in force is equal to or greater than 10% of the unrestricted revenues of the Borrower for the most recent Fiscal Year, the written consent of the Issuer shall have been obtained; and provided further that any future leases will provide for rental payments to be made directly to the Trustee to the extent of then current payments required under the Loan Agreement. Other than leases permitted by the Loan Agreement, the Borrower agrees that it will not sell or otherwise dispose of the Facilities.

Repair and Replacement Fund Deposits

Under the Loan Agreement and subject to the limitations set forth therein, the Borrower covenants to establish and maintain a balance on deposit in the Repair and Replacement Fund at an amount not less than the Repair and Replacement Fund Requirement. Pursuant to the Loan Agreement, the Repair and Replacement Fund Requirement means annual deposits to the Repair and Replacement Fund equal to:

- (a) 1.00% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2029;
- (b) 1.25% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2030, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2034;
- (c) 1.50% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2035, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2039;
- (d) 1.75% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2040, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2044; and
- (e) 2.00% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2045, and each Fiscal Year thereafter.

The value of the school buildings consisting of the Charter School shall be equal to the “Buildings” value presented in the footnotes of the Borrower’s respective audited Financial Statements, exclusive of accumulated depreciation.

Moneys on deposit in the Repair and Replacement Fund shall be used exclusively for (i) the maintenance and repair of the school buildings consisting of the Charter School, (ii) to address any serious or imminent safety hazard existing on the Charter School campus as determined by the best efforts of the Borrower, and/or (iii) the payment of the Borrower’s outstanding Indebtedness.

Unexpended moneys in the Repair and Replacement Fund in an aggregate maximum amount equal to 5.00% of the value of the school buildings consisting of the Charter School as of June 30 of the prior Fiscal Year, exclusive of accumulated depreciation, shall be carried over from year to year and shall remain allocated for these purposes, and may be considered in testing the Covenant as to Cash on Hand pursuant to the Loan Agreement and the Minimum Debt Service Coverage Ratio Covenant pursuant to the Loan Agreement. Unexpended moneys in the Repair and Replacement Fund exceeding an amount equal to 5.00% of the value of the school buildings consisting of the Charter School as of June 30 of the prior Fiscal Year, exclusive of accumulated depreciation, may be used by the Borrower for any lawful purpose.

## **RISK FACTORS**

This Official Statement contains summaries of pertinent portions of the Series 2024 Bonds, the Indenture, the Loan Agreement, the Borrower's Continuing Disclosure Agreement and other relevant documents. Such summaries and references are qualified in their entirety by reference to the full text of such documents. The following discussion of some of the risk factors associated with the Series 2024 Bonds is not, and is not intended to be, exhaustive, and such risks are not necessarily presented in the order of their magnitude.

### **Investment Risk**

Purchase of the Series 2024 Bonds involves a degree of risk. The Series 2024 Bonds are initially rated by Moody's Investors Service, Inc. ("Moody's" or the "Rating Agency") on the basis of the Public Charter School Facilities Program and on the underlying credit of the Borrower. See "RATINGS" in this Official Statement.

Although any explanation of the significance of the rating may be obtained only from Moody's, bonds that are at or below the Borrower's rating category with respect to the Series 2024 Bonds are typically high-yield, high-risk securities, sometimes referred to as "junk bonds." Such securities may exhibit price fluctuations due to changes in interest rate or bond yield levels. As a result, the value of the Series 2024 Bonds may fluctuate significantly in the short-term. Further, such securities have a less liquid resale market. As a result, potential investors may have difficulty selling or disposing of the Series 2024 Bonds quickly in certain markets or market environments. Such securities are also considered predominately speculative with respect to the obligor's continuing ability to make principal and interest payments. See also "RISK FACTORS – Sufficiency of Revenues" below. The Series 2024 Bonds should not be purchased by any potential investor who, because of financial condition, investment policies or otherwise, does not desire to assume, or have the ability to bear, the risks inherent in an investment in the Series 2024 Bonds.

### **Revocation of Charter**

Pursuant to the Public Charter Schools Act, each new charter school's charter is subject to expiration after a term of six years after initial approval, and is subject to revocation for any of the grounds provided in the Public Charter Schools Act, any material violations of the charter, failure to make reasonable progress toward achievement of the content standards or pupil performance standards described in the charter agreement, failure to meet generally accepted standards of fiscal management, failure to submit reports to the Commission, which oversees the charter, or violations of law. For more information regarding conditions under which a charter can be revoked, and the revocation procedure, see "APPENDIX B – CHARTER SCHOOLS IN IDAHO – Public Charter Schools Act – Charter Term and Renewals" in this Official Statement. For additional information regarding the Borrower's fiscal management, see "APPENDIX A – THE BORROWER AND THE FACILITIES – BUDGET, ACCOUNTING, DEBT" in this Official Statement.

## **Delay in, Reduction, or Termination of State School Aid**

Any event that would cause a delay, reduction or termination of State Payments and Charter School Facility Payments would have a material adverse effect on the ability of the Borrower to make payments under the Loan Agreement representing debt service on the Series 2024 Bonds.

## **Impact of the Spread of COVID-19**

Like other school across the United States, the Charter School has faced and may continue to face challenges related to the spread of COVID-19, such as disruptions in day-to-day classroom activities, decreased enrollments and loss of revenue. Responses to COVID-19 have differed at the school, local, state, and national levels. COVID-19 has caused significant disruptions to the global, national and State economy. Although the Borrower has received federal funds from various governmental aid programs, including under the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), a renewed spread of COVID-19 or any other similar outbreaks in the future may have a materially adverse impact on the financial condition of the Borrower. See “RISK FACTORS – Competition for Students” and “– Operating History; Reliance on Borrower Projections” in this Official Statement. For a description of the funding the Charter School received under the various COVID-19 programs, see “APPENDIX A – THE BORROWER AND THE SCHOOL FACILITIES – BUDGET, ACCOUNTING, DEBT – CARES Act Funding” in this Official Statement.

## **Construction Costs and Completion of Construction**

The Borrower intends to engage a third party contractor to construct the New Facilities. While the construction of the New Facilities are not necessary for the Charter School to maintain its enrollment, potential investors should note that there are always risks with respect to such new construction, including the risk that construction will not be completed on time or on budget. See “APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE” in this Official Statement.

## **Sufficiency of Revenues**

The Series 2024 Bonds are payable solely from certain payments, revenues and other amounts derived by the Issuer pursuant to the Loan Agreement, and are secured only by such revenues and a pledge of certain funds and accounts created under the Indenture and an assignment of the Deed of Trust. Based on present circumstances (i.e., its charter agreement and operating history), and based on its projections regarding enrollment, the Borrower believes it will generate sufficient Pledged Revenues for payment of debt service on the Series 2024 Bonds. However, the charter agreement may be revoked, or the basis of the assumptions used by the Borrower to formulate this belief may otherwise change. No representation or assurance can be made that the Borrower will continue to generate sufficient Pledged Revenues for payment of debt service on the Series 2024 Bonds.

## **Enforceability and Constitutionality of the Public Charter School Facilities Program**

Article VIII, Section 2 of the Idaho Constitution states, in relevant part, that the “credit of the [S]tate shall not, in any manner, be given, or loaned to, or in aid of any individual, association, municipality or corporation.” Further, Article VIII, Section 1 of the Idaho Constitution prohibits the State from creating “any debt or debts, liability or liabilities” except as otherwise provided therein.

The Public Charter School Facilities Program was created during the 2019 legislative session. Section 33-5218(1), Idaho Code states the legislative intent of the Public Charter School Facilities Program to support public charter schools by providing a mechanism to obtain favorable financing on bonds so that

less money is obligated toward interest payments and more money remains in public charter schools for the benefit of Idaho’s students.

In connection with the first issuance of bonds under the Public Charter School Facilities Program, the Issuer filed a petition for judicial confirmation that the Public Charter School Facilities Program does not violate Section 1 or Section 2 of Article VIII of the Idaho Constitution (*In the Matter of Idaho Housing and Finance Association*, Ada County Case No. CV01-20-10141). On September 1, 2020, the District Court for the Fourth Judicial District for the County of Ada (the “Court”) entered judgment that the Public Charter School Facilities Program does not violate Section 1 or 2 of Article VIII of the Idaho Constitution. In its decision, the Court stated that “[b]ecause the [Public Charter School] Facilities Program serves a public purpose, it does not entail giving or lending the State’s credit ‘in aid of’ a prohibited beneficiary, even it entails giving or lending the State’s credit” and therefore it does not violate Section 2 of Article VIII of the Idaho Constitution. The Court went on to determine that the statutory obligation under the Public Charter School Facilities Program to transfer monies to a public charter school’s reserve account in the event of a payment default (the “Transfer Obligation”) is neither a “debt” nor a constitutionally impermissible “liability.” Therefore, the Transfer Obligation does not violate Section 1 of Article VIII of the Idaho Constitution. The judicial confirmation is not necessarily binding on future cases and bond counsel has not opined on the validity of the Public Charter School Facilities Program under the Idaho Constitution.

The Issuer will obtain an opinion from Givens Pursley LLP that, subject to the assumptions and qualifications obtained therein, in the event a person were to bring a judicial proceeding challenging the issuance of the Series 2024 Bonds or a subsequent legislative appropriation under the Public Charter School Facilities Program related to a default of the Series 2024 Bonds, if the issue were properly presented to a court and that court followed the applicable legal principles set forth in analogous case law with respect to the facts described therein, a court should find that the Public Charter School Facilities Program does not violate Section 1 or Section 2 of Article VIII of the Idaho Constitution. Givens Pursley LLP served as special counsel to the Issuer in connection with the judicial confirmation proceedings described in the paragraph above.

However, there can be no assurance that any court deciding such case would conclude that the Public Charter School Facilities Program and related Transfer Obligations under the Public Charter School Facilities Program for bonds issued thereunder, including the Series 2024 Bonds, is legal under the Idaho Constitution. See “SECURITY FOR THE SERIES 2024 BONDS – Public Charter School Facilities Program” above in this Official Statement.

### **Dependence on State Aid Apportionment; State Payments Subject to Annual Appropriation**

The Borrower may not charge any tuition for students to attend its schools. The Borrower does not have any taxing authority. The Borrower’s primary source of revenue is the State Payments that it receives from the State for educating students. The amount of State Payments received by the Borrower is based on a distribution factor and support units (which, in turn, depend on the Borrower’s per pupil enrollment). See “APPENDIX B – CHARTER SCHOOLS IN IDAHO – State Funding For Charter Schools” in this Official Statement. The amount of State Payments available in any year is subject to appropriation by the Idaho Legislature. Further, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding, and such factors are subject to change. The Idaho Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, to enable the Borrower to generate sufficient Pledged Revenues for payment of debt service on the Series 2024 Bonds and to meet its general operating expenses. Similarly, the amount of State Payments that is appropriated could be reduced or could fail to keep pace with expenses. No liability will accrue to the State in such event, and the State will not be obligated or liable for any future payments or any damages in such event. If the State were to withhold the payment of monies from the

Borrower for any reason, even a reason that is ultimately determined to be invalid or unlawful, it would have an adverse financial impact on the Borrower.

The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State School Fund) and the annual State budget process. Decreases in State revenues may adversely affect education appropriations made by the State legislature. As noted, the State legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding.

At the end of the fiscal year ended June 30, 2023, the State's general fund had a balance of approximately \$584.3 million, with \$62.7 million reserved for reappropriations and executive carryforward. State revenue forecasts for the fiscal year ended June 30, 2024 continue to forecast growth.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

### **Operating History; Reliance on Borrower Projections**

The Borrower's ability to make payments under the Loan Agreement and the Issuer's corresponding ability to make debt service payments when due on the Series 2024 Bonds depends on State Payments received by the Borrower as payment for educating students in its charter schools. The Borrower has conducted operations since the 2021-2022 school year. The Borrower's budget projections (the "Borrower's Budget Projection") of revenues and expenses contained in APPENDIX K in this Official Statement were prepared by the Borrower and have not been independently verified by any other party. No outside or independent feasibility studies have been conducted with respect to operations of the Borrower pertinent to the Series 2024 Bonds. The Borrower's Budget Projection contained in APPENDIX K to this Official Statement has not been audited or reviewed by any independent accountant, are "forward-looking statements," and are subject to the general qualifications and limitations described under "INTRODUCTION – Forward-Looking Statements" with respect to such statements. The Underwriter has not independently verified such projections, and makes no representations nor gives any assurances that such projections or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years and consequently do not cover the entire period that the Series 2024 Bonds will be outstanding. The Borrower's Budget Projection will not be updated to reflect the final pricing of the Series 2024 Bonds.

The Borrower Budget Projection is derived from the actual historical operations of the Borrower and from assumptions made by the Borrower about future student enrollment and expenses, including student mix and teacher and staff pay. There can be no assurance that the actual enrollment, revenues and expenses for the Borrower will be consistent with the assumptions underlying the Borrower Budget Projection contained in this Official Statement. NO GUARANTEE CAN BE MADE THAT THE BORROWER'S BUDGET PROJECTION CONTAINED IN APPENDIX K ATTACHED TO THIS OFFICIAL STATEMENT WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE IS NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE ASSUMPTIONS MADE BY THE BORROWER. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF

INSUFFICIENT ENROLLMENT, REDUCED STATE PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATION, CHANGES IN DEMOGRAPHIC TRENDS, FACTORS ASSOCIATED WITH EDUCATION, COMPETITION FOR STUDENTS, AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. Refer to “APPENDIX K – BORROWER’S BUDGET PROJECTION” to review certain of the Borrower Budget Projection and to consider the various factors that could cause actual results to differ significantly from projected results. Refer to “INTRODUCTION – Forward-Looking Statements,” above, for qualifications and limitations applicable to forward-looking statements.

### **Length of Planned Enrollment Increase**

The Borrower’s Budget Projection assumes an increase in enrollment at the Facilities that will take multiple years to complete to reach full enrollment. There are many factors that cannot be determined at this time that could affect the ability of the Borrower to increase its total enrollment in the manner projected in the Borrower’s Budget Projection.

### **Factors Associated with Education**

There are a number of factors affecting schools in general, including the Borrower, which could have an adverse effect on the Borrower’s financial position and the ability of the Borrower to generate sufficient Pledged Revenues for payment of debt service on the Series 2024 Bonds. These factors include, but are not limited to, the Borrower’s ability to attract and retain a sufficient number of students; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating persons with disabilities; increasing operating costs of the Borrower; changes in existing statutes pertaining to the powers of the Borrower and legislation or regulations which may affect funding. The Borrower cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

### **Competition for Students**

The Borrower competes for students within Idaho Falls School District No. 91 (the “District”), other schools within or near the District and neighboring districts, and private schools that are located in the Borrower’s service area. There are other schools that serve the same grades in the same service area of the Charter School, some of which the Borrower believes are competitors as detailed in Appendix A. See “APPENDIX A – THE BORROWER AND THE FACILITIES – SERVICE AREA” and “– COMPETING SCHOOLS” in this Official Statement. The Borrower faces constant competition for students and there can be no assurance that the Borrower will continue to attract and retain the number of students that are needed to generate sufficient Pledged Revenues for payment of debt service on the Series 2024 Bonds.

### **Risk of Non-appropriation**

An event of Non-appropriation by the State would cause a delay, reduction or termination of amounts received by the Issuer under the Public Charter School Facilities Program. For additional information regarding the Public Charter School Facilities Program, see “SECURITY FOR THE SERIES 2024 BONDS – Public Charter School Facilities Program” in this Official Statement.

As defined in the Indenture, “Non-appropriation” means the State Legislature does not appropriate money under the Public Charter School Facilities Program to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

## **Failure to Provide Ongoing Disclosure**

The Borrower will enter into the Borrower’s Continuing Disclosure Agreement pursuant to Securities and Exchange Commission Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) (the “Rule”) in connection with the issuance of the Series 2024 Bonds. See “CONTINUING DISCLOSURE” in this Official Statement. Failure to comply with the Borrower’s Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the Series 2024 Bonds and their market price in the secondary market. See “CONTINUING DISCLOSURE” and “APPENDIX G – FORM OF BORROWER CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

## **Future Changes to Charter School Laws**

Future changes to the laws applicable to charter schools in the State, and in particular the Public Charter Schools Act, by the Idaho Legislature could be adverse to the financial interests of the Borrower and could adversely affect the security for the Series 2024 Bonds. There can be no assurance that the Legislature will not in the future change such laws in a manner which is adverse to the interests of the Registered Owners of the Series 2024 Bonds. Charter School law provisions are subject to amendment, including the reduction of funding, which could adversely affect the Borrower. Adverse State budget considerations could increase the likelihood that the State Legislature would change the laws governing charter schools, and in particular charter school funding provisions or lifting the annual limitation of the number of new charters that can be authorized. Further, State budget considerations may adversely affect appropriations for charter school funding. For more information on the laws governing charter schools in the State, see “APPENDIX B – CHARTER SCHOOLS IN IDAHO” in this Official Statement.

*Accelerating Public Charter Schools Act.* On January 23, 2024, House Bill No. 422 was introduced into the State House of Representatives, proposing to overhaul the Idaho Public Charter Schools Act of 1998 (Idaho Code §§33-5201, *et seq.*), and amend, repeal and replace the existing legislation with the “Accelerating Public Charter Schools Act” (the “Legislation” or “Public Charter Schools Act”). The Legislation was passed by the State’s House of Representatives on January 30, 2024, and by the State’s Senate on February 16, 2024. The Legislation was signed into law by the Governor on February 27, 2024, becoming effective as of such date. The Legislation retains similar reporting and performance standards of the prior law, while portions of the Legislation include significant changes from the prior law, including:

- Allowing public charter schools that have successfully completed at least one renewal without condition to apply for fast-tracked replication;
- Providing for an initial charter authorization term of six years;
- Providing for a renewal authorization term of twelve years in certain cases;
- Streamlining administrative processes for charters that operate multiple schools; and
- Allowing authorization of pilot charters with initial three-year terms for innovative or novel models.

While the Legislation is intended to support public charter schools in the State and enhance administrative efficiencies, its effect on the Charter School, the Public Charter School Facilities Program and charter schools generally cannot be determined at this time. The ultimate effects of the Legislation could be adverse to the interests of the Registered Owners of the Series 2024 Bonds. See “APPENDIX B – CHARTER SCHOOLS IN IDAHO” in this Official Statement for additional description of the Legislation.

## **Value of Facilities May Fluctuate**

The value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the transaction. Real property values can

fluctuate substantially depending on a variety of factors. There is nothing associated with the Facilities or Borrower’s property generally which would suggest that their values would remain stable or would increase if the general values of property in the community were to decline.

**Limitations of Appraisal; Nature of Appraisal**

In connection with the issuance of the Series 2024 Bonds, the Borrower has engaged Integra Realty Resources – Boise (the “Appraiser”) to perform an appraisal of the Existing Facilities, dated September 19, 2024, with an effective date of September 30, 2024 (the “Appraisal”). The Appraiser’s opinion of value for the Existing Facilities is set forth below, to be compared against the purchase price of \$11,018,082.87 for the Existing Facilities.

**Value Conclusions**

<u>Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Valuation Conclusion</u>
Market Value – As Is	Fee Simple	September 19, 2024	\$16,000,000
Cost Approach	Fee Simple	September 19, 2024	\$15,600,000
Market Value Conclusion	Fee Simple	September 19, 2024	\$16,000,000

The valuation contained in the Appraisal report does not contain any personal property, fixtures, furniture or equipment or intangibles. The valuation is “as-is” and does not account for the contemplated acquisition of Land or the development of the New Facilities.

The valuations indicated in the Appraisal represent only the opinion of the Appraiser only as of the date of its Appraisal. The Appraiser has not been engaged to update or revise its appraisal since the date of its appraisal report. Prospective purchasers of the Series 2024 Bonds should note that there may be a difference between the actual value of the Facilities and the amount of the Series 2024 Bonds, and that difference may be material and adverse to Bondholders. In particular, it cannot presently be determined with certainty what the value of the Facilities would be in the event of foreclosure under the Deed of Trust. See also “APPENDIX A – THE BORROWER AND THE FACILITIES” in this Official Statement.

More generally, the value of the Facilities at any given time will be directly affected by market and financial conditions which are not in the control of the parties involved in the transaction. Real property values can fluctuate substantially depending on a variety of factors. There is nothing associated with the Facilities which would suggest that its value would remain stable or would increase if the general values of property in the community were to decline. The Facilities also require ongoing capital repairs and improvements and, although the Borrower intends to maintain the Facilities in good condition, no assurance can be given that the Borrower will have sufficient revenue to maintain a regular capital improvements program for the Facilities in the future.

**Foreclosure Deficiency and Delays**

If Pledged Revenues are insufficient to pay the principal of and interest on the Series 2024 Bonds, the Trustee may seek to foreclose on the Deed of Trust. There can be no assurance that the value of the Facilities will be sufficient to meet all remaining debt service requirements with respect to the Series 2024 Bonds at the time of any foreclosure. See “Value of Facilities May Fluctuate” above. In addition, the time necessary to institute and complete foreclosure proceedings would likely substantially delay receipt of funds from a foreclosure.



## **Key Personnel**

The Borrower's creation, curriculum, educational philosophy and operations have depended on the vision and commitment of a few, key personnel who comprise the administrative staff and management of the Borrower. Loss of any such key personnel, for example Michelle Ball, who is the Executive Director and Co-Founder of the Charter School, could adversely affect the Borrower's operations, its ability to attract and retain students and its financial results. For more information regarding the Borrower's key personnel, see "APPENDIX A – THE BORROWER AND THE FACILITIES – GOVERNANCE; ADMINISTRATION; FACULTY AND FACULTY RETENTION – Administration" in this Official Statement.

## **Self-Management by the Charter School**

The Borrower does not contract with outside professionals, such as a professional charter school management company, for the management and operation of the Borrower. As a general rule, charter school management companies assist charter schools in their crucial management functions including: recruiting and evaluating staff; human resources and payroll; budgeting and fiscal management and reporting; and other administrative functions. In the absence of a professional management company, such duties are done by the Borrower's administrators and staff.

The Borrower has received support from Bluum Inc., a statewide, Boise-based education non-profit charter school support organization, including financial assistance through grants. See "APPENDIX A – THE BORROWER AND THE FACILITIES – BLUUM" for more information about Bluum and its collaboration with the Charter School.

## **Nonrecourse Obligation**

The Loan Payments required by the Borrower under the Loan Agreement constitute a charge against the general credit of the Borrower. However, the Series 2024 Bonds constitute nonrecourse obligations of the Issuer. The Series 2024 Bonds are special obligations of the Issuer, and none of the Issuer's funds are pledged to pay the Series 2024 Bonds. Further, the Series 2024 Bonds and the interest thereon will not give rise to a pecuniary liability, general or moral obligation, debt or bonded indebtedness or a pledge of the full faith and credit of the Issuer, nor will the Issuer incur any liability in connection with the Series 2024 Bonds. No assets of the Issuer are pledged or otherwise put at risk in connection with the Series 2024 Bonds.

## **Damage or Destruction of the Facilities**

The Loan Agreement requires that the Facilities be insured against certain risks. See "APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Section 6.3" in this Official Statement. However, there can be no assurance that the amount of insurance required to be obtained or actually obtained with respect to the Facilities will be adequate, or that the cause of any damage or destruction to the Facilities will be as a result of a risk which is insured. Furthermore, there can be no assurance with respect to the ongoing creditworthiness of the insurance companies from which the Borrower obtains insurance policies.

## **Compliance with Every Student Succeeds Act**

The Every Student Succeeds Act ("ESSA"), which reauthorized the Elementary and Secondary Education Act, was signed into law by then-President Barack Obama in December 2015. Prior to the ESSA, under the No Child Left Behind Act of 2001, schools identified for improvement for failing to make

Adequate Yearly Progress for two consecutive years were required to develop a two-year school improvement plan and submit the plan for review and approval.

The ESSA, among other things, prohibits officers and employees of the federal government from mandating, directing or controlling a state, local education agency or a school's specific instructional content, academic standards and assessments, curriculum, or program of instruction, as a condition of eligibility to receive funds under ESSA (Title I). Most of the provisions of ESSA took effect during the 2017-2018 school year.

Failure of the Borrower to meet the requirements of ESSA may have an adverse effect on the Borrower and its ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2024 Bonds. Various other sections of this Official Statement discuss the Borrower's performance under the State's accountability system. See "APPENDIX A – THE BORROWER AND THE FACILITIES" in this Official Statement. If the performance of a school under the State's accountability framework were to result in its failure to meet accountability requirements on an ongoing basis, that school would be subject to certain requirements and/or taking other corrective actions. Any such failure in this regard may have a material adverse effect on the Borrower and its ability to generate revenues sufficient to make payments under the Loan Agreement representing debt service on the Series 2024 Bonds.

### **Environmental Regulations**

The Facilities are subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability for remediating adverse environmental conditions on or relating to the Facilities, whether arising from pre-existing conditions or conditions arising as a result of activities conducted in connection with the ownership of and operations at the Facilities. Costs incurred with respect to environmental remediation or liability could adversely affect the Borrower's financial condition and its ability to generate Pledged Revenues sufficient to pay debt service on the Series 2024 Bonds. Excessive costs in connection with any such environmental remediation or any such liability to third parties could also make it difficult to successfully let the Facilities.

The Borrower has obtained a Phase I Environmental Assessment on the Facilities, dated September 23, 2024 (the "Phase I Report"), from AEI Consultants ("AEI"). In connection with the site and the Facilities, the Phase I Report did not reveal or find evidence of any recognized environmental conditions (RECs) or controlled recognized environmental conditions (CRECs). The Phase I Report did identify a historical recognized environmental condition (HRECs) and a de minimus condition. See "APPENDIX A – THE BORROWER AND THE FACILITIES – THE FACILITIES AND PLAN OF FINANCE – Environmental Assessment" in this Official Statement.

### **Risks Regarding Bankruptcy and Similar Laws**

No representation can be made regarding whether the Borrower is, or would be, eligible for voluntary relief, or could have relief involuntarily ordered against it, under the United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code") or under any similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors (any such proceeding, an "Insolvency Proceeding"). If the Borrower were to commence, or have commenced against it, an Insolvency Proceeding, such an Insolvency Proceeding may include, without limitation, a full or partial liquidation of the Borrower or a restructuring of the Borrower's obligations. The commencement of such an Insolvency Proceeding under the Bankruptcy Code would stay the commencement or continuation of many types of action against the Borrower or its property, including, without limitation, a proceeding to foreclose on the Deed of Trust, unless a court with jurisdiction over the Insolvency Proceeding were to order otherwise. There can be no guaranty that creditors of the Borrower, including the owners of the Series 2024 Bonds,

will be paid in full or in part in an Insolvency Proceeding involving the Borrower. In such an Insolvency Proceeding, it is possible that the property pledged as security for the Series 2024 Bonds would come under the supervision or control of a court with jurisdiction over the Insolvency Proceeding and that such property, in whole or in part, would not be available to satisfy the obligations of the Borrower as contemplated by the principal documents described in this Official Statement, including, without limitation, the Indenture, the Loan Agreement, and the Deed of Trust. Moreover, an Insolvency Proceeding may limit, modify, restrict, or otherwise affect the availability of remedies to the Trustee or to the Registered Owners of the Series 2024 Bonds. See “RISK FACTORS – Enforcement of Remedies” below.

It is impossible to predict with certainty the ways in which an Insolvency Proceeding might affect creditors of the Borrower, including, without limitation, the Trustee, the Registered Owners of the Series 2024 Bonds, and the Beneficial Owners of the Series 2024 Bonds, in part, because the outcome of any particular matter considered in an Insolvency Proceeding may depend upon the specific facts of the particular case, and because the matter may be subject to the exercise of discretionary equitable powers by a state or federal court (including a federal bankruptcy court), which powers such a court may exercise in furtherance of goals or policies other than those that would favor creditors of the Borrower, including, without limitation, the Trustee, the Registered Owners of the Series 2024 Bonds, and the Beneficial Owners of the Series 2024 Bonds.

### **Litigation**

No litigation currently exists, but from time to time, the Borrower may be involved in litigation related to its business operations, its facilities, employees or students. It is unknown at this time what impact, if any, such potential litigation may have on the Series 2024 Bonds or the Borrower’s ability to make loan payments under the Loan Agreement. See “LEGAL MATTERS” AND “APPENDIX A – THE BORROWER AND THE FACILITIES – NO LITIGATION” to this Official Statement.

### **Additional Bonds**

The Indenture permits the Issuer to issue Additional Bonds secured by and payable solely from the Trust Estate on parity with the Series 2024 Bonds if certain conditions are met. See “APPENDIX E – FORMS OF PRINCIPAL DOCUMENTS – THE INDENTURE – Article II,” “SECURITY FOR THE SERIES 2024 BONDS – Additional Bonds” and “– THE LOAN AGREEMENT – *Limitations on Incurrence of Long-Term Indebtedness*” in this Official Statement.

### **Enforcement of Remedies**

The remedies available to the Trustee or the Registered Owners of the Series 2024 Bonds upon an Event of Default under the Indenture and the Loan Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies provided in the Indenture and the Loan Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the sovereign powers of the State and the constitutional powers of the United States of America, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Cybersecurity**

The Borrower, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Borrower is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and

other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the Borrower's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the Borrower's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Borrower.

### **Private School Vouchers**

Various proposals offering private school vouchers to families to assist with the cost of private schools have been considered across the country and in the State, and enacted in several locations. No such voucher program is currently in place in the State. However, if similar private school voucher programs are enacted in the future, private schools may become more desirable, due to the availability of financial assistance. If private school vouchers are provided for in the State, this may lead to the organization of more private schools and increased competition for the Borrower.

### **Unionization of Charter School Workforce**

As of the date of this Official Statement, the workforce of the Borrower is not unionized and management of the Borrower is not aware of any active unionization efforts with respect to its employees. Throughout the United States, there are ongoing efforts to unionize the workforces of charter schools such as the Borrower. In the event that the labor relations of the Borrower and its employees change in the future and, if the employees of the Borrower were to vote to unionize, then the operational costs of the Borrower would likely rise, and such increase could be significant. If the employees of the Borrower were to unionize, no assurance could be given that such change would not adversely affect the amount of State Payments available for the payment of debt service on the Series 2024 Bonds.

### **Determination of Taxability**

The excludability from gross income for federal income taxation purposes of the interest on the Series 2024A Bonds is based on the continuing compliance by the Trustee, the Borrower and the Issuer with certain covenants contained in the Indenture, the Loan Agreement and the Tax Certificate. These covenants relate generally to restrictions on the use of the Facilities by the Borrower, restrictions on use of the Facilities by organizations other than the Borrower, arbitrage limitations, and rebate of certain excess investment earnings, if any, to the federal government. Failure to comply with such covenants could cause interest on the Series 2024A Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2024A Bonds.

If a Determination of Taxability (as defined in the Indenture) were to occur, the Series 2024 Bonds would be subject to mandatory redemption, as a whole and not in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date on the earliest practicable date for which notice can be given following such determination subject to certain conditions and notice requirements. See "THE SERIES 2024 BONDS – Prior Redemption – *Mandatory Redemption Upon Determination of Taxability*" in this Official Statement.

### **Loss of Tax-Exempt Status**

The Internal Revenue Service (the "IRS") has determined that the Borrower is a tax-exempt organization described in Section 501(c)(3) of the Code and is exempt from taxation under Section 501(a) of the Code. As a tax-exempt, charitable organization, the Borrower and its operations are subject to various requirements specified by the Code and the regulations promulgated thereunder. The Borrower must comply with those requirements in order to maintain its tax-exempt status. The Borrower may be audited by the IRS. Although the Borrower represents that it believes that it is in compliance with applicable tax

laws, an IRS audit ultimately could affect its tax-exempt status. Loss of tax-exempt status by the Borrower could result in loss of tax exemption for federal income tax purposes of interest on the Series 2024A Bonds retroactive to the date of issuance of the Series 2024A Bonds.

Legislation adopted by Congress in 1996 provides the IRS with an “intermediate” sanctions system of federal excise taxes to combat violations by tax-exempt organizations of the private inurement prohibition of the Code. Before the “intermediate sanctions law,” the IRS could punish such violations only through revocation of an entity’s tax-exempt status. Intermediate sanctions may be imposed where there is an “excess benefit transaction,” defined to include a disqualified person (i.e., an insider) who is (i) engaging in a non-fair market value transaction with the tax-exempt organization, (ii) receiving unreasonable compensation from the tax-exempt organization, or (iii) receiving payment in an arrangement that violates the private inurement proscription.

Intermediate sanctions may be imposed by the IRS either in lieu of or in addition to revocation of exemption. The legislation is potentially favorable to taxpayers in that it provides the IRS with a punitive option short of exemption revocation to deal with incidents of private inurement. However, the standards for tax exemption have not been changed and the IRS still has authority for revoking tax-exempt status in appropriate circumstances.

### **Secondary Market**

There is no guarantee that a secondary trading market will develop or continue for the Series 2024 Bonds. Consequently, prospective bond purchasers should be prepared to hold their Series 2024 Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends but is not obligated to make a market in the Series 2024 Bonds.

### **Maintenance of Ratings**

Moody’s has assigned a credit rating to the Series 2024 Bonds based upon the Series 2024 Bonds being part of the Public Charter School Facilities Program and also a credit rating based upon the credit of the Borrower. Certain information was supplied by the Borrower or the Issuer to the Rating Agency to be considered in evaluating the Series 2024 Bonds, including information regarding State and federal funding sources and the operations of the Borrower, which are subject to change. See “RATINGS” in this Official Statement. Such rating expresses only the views of the Rating Agency. There is no assurance that such rating will continue for any given period of time or will not be revised or withdrawn entirely by the Rating Agency if, in its judgment, circumstances so warrant. Any such downward revision in or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds. See “RATINGS” in this Official Statement.

### **Risk of Loss from Nonpresentment upon Redemption**

The rights of the Registered Owners of the Series 2024 Bonds to receive interest will terminate on the date, if any, on which the Series 2024 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Indenture.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Series 2024 Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Official Statement and the appendices hereto.

## LEGAL MATTERS

### **In General**

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2024 Bonds by the Issuer are subject to the approving opinion of Skinner Fawcett LLP, Boise, Idaho, Bond Counsel, whose approving opinion will be delivered with the Series 2024 Bonds, and the proposed form of which is set forth in “APPENDIX F – FORM OF BOND COUNSEL OPINION” in this Official Statement. The legal opinion delivered may vary from that form if necessary to reflect facts and law on the date of delivery. Certain legal matters will be passed upon by Yorgason Law Offices, pllc, Boise, Idaho, as counsel to the Borrower, Givens Pursley LLP, Boise, Idaho as special counsel to the Issuer, and by Ballard Spahr LLP, Minneapolis, Minnesota, as counsel to the Underwriter.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will speak only as of their dates of delivery and will be qualified in certain customary respects, including as to the enforceability of the various legal instruments by limitations imposed by state and federal law affecting remedies and by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, the application of equitable principles and the exercise of judicial discretion in appropriate cases.

The legal opinions express the professional judgment of counsel rendering them, but are not binding on any court or other governmental agency and are not guarantees of a particular result. Certain fees for services rendered paid to Bond Counsel, the Underwriter, Underwriter’s Counsel and the Trustee are contingent upon the issuance and delivery of the Series 2024 Bonds.

### **Pending and Threatened Litigation**

#### *No Proceedings Against the Borrower*

In connection with the issuance of the Series 2024 Bonds, the Borrower will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2024 Bonds, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of its knowledge, threatened against or affecting the Borrower wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture, the Loan Agreement, the Deed of Trust, the Disclosure Agreement, and the Bond Purchase Agreement (referred to in “UNDERWRITING” in this Official Statement), or this Official Statement, the validity and enforceability of the Indenture, the Loan Agreement, the Deed of Trust, the Disclosure Agreement, the Bond Purchase Agreement or the Series 2024 Bonds or the operations (financial or otherwise) of the Borrower or the Borrower’s qualification under the Public Charter School Facilities Program.

#### *No Proceedings Against the Issuer*

In connection with the issuance of the Series 2024 Bonds, the Issuer will deliver a certificate or certificates which will state that, as of the date of issuance of the Series 2024 Bonds, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body pending or, to the best of its knowledge, threatened against the Issuer restraining or enjoining the issuance or delivery of the Series 2024 Bonds or questioning or affecting the validity of the Series 2024 Bonds or the proceedings or Issuer under which they are to be issued, or in any manner questioning the right of the Issuer to enter into the Bond Purchase Agreement, the Indenture, the Loan Agreement, or to issue and secure the Series 2024 Bonds in the manner provided in the Indenture or the validity of the Public Charter School Facilities Program.

## TAX MATTERS

### Federal Tax Matters

#### The Series 2024A Bonds

In the opinion of Skinner Fawcett LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representation and compliance with certain covenants, interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals; however, interest on the Series 2024 Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2024A Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in “APPENDIX F – FORM OF BOND COUNSEL OPINION” in this Official Statement.

To the extent the issue price of any maturity of the Series 2024A Bonds is less than the amount to be paid at maturity of such Series 2024A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024A Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2024A Bonds that is excluded from gross income for federal income tax purposes under Section 103 of the Code and State of Idaho personal income taxes. For this purpose, the issue price of a maturity of the Series 2024A Bonds is the first price at which a substantial amount of such maturity of the Series 2024A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The original issue discount with respect to any maturity of the Series 2024A Bonds accrues daily over the term to maturity of such Series 2024A Bonds based on a constant interest rate, compounded semiannually, with straight-line interpolations between compounding dates. The accruing original issue discount is added to the adjusted basis of such Series 2024A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment at maturity) of such Series 2024A Bonds. Owners of the Series 2024A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2024A Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2024A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2024A Bonds is sold to the public, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series 2024A Bonds under the federal alternative minimum tax.

Series 2024A Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser’s basis in a Premium Bond and the amount of tax-exempt interest received by the purchaser will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2024A Bonds.

The Issuer and the Borrower have made representations related to certain of these requirements and have covenanted to comply with certain restrictions designed to assure that interest on the Series 2024A Bonds will not be included in federal gross income. Inaccuracy of the representations or failure to comply with the covenants may result in interest on the Series 2024A Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2024A Bonds. The opinion of Bond Counsel assumes the accuracy of the representations and compliance with the covenants. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Series 2024A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2024A Bonds.

In addition, Bond Counsel has relied on the opinion of Yorgason Law Offices, pllc, counsel to the Borrower regarding the current qualification of the Borrower as an organization described in Section 501(c)(3) of the Code and that the facilities being financed with proceeds of the Series 2024A Bonds are not being in “unrelated trade or business” activities of the Borrower as defined in Section 513(a) of the Code. Failure of the Borrower to be organized and operated in accordance with the IRS’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code or to operate the facilities financed or refinanced by the Series 2024A Bonds in a manner that is substantially related to its charitable purpose under Section 513(a) of the Code may result in interest on the Series 2024A Bonds being included in federal gross income, possibly from the date of original issuance the Series 2024A Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Idaho personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024A Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Series 2024A Bonds or such owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Series 2024A Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Series 2024A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Series 2024A Bonds. Prospective purchasers of the Series 2024A Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based upon current legal authority and represents Bond Counsel’s judgment as to the proper treatment of the Series 2024A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the “IRS”) or the courts. Further, Bond Counsel cannot give any opinion or assurance as to the future activities of the Issuer or the Borrower. The Issuer and the Borrower have, however, covenanted to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners, the Issuer, or the Borrower regarding the tax status of the Series 2024A Bonds in the event of such an examination. Under current procedures, parties other than the Issuer and the Borrower and their appointed counsel, such as the owners of the Series 2024A Bonds, would have little, if any right, to participate in the examination process. Moreover, because obtaining judicial review in connection with an examination is difficult, obtaining an independent review of IRS position with which the Issuer and the Borrower legitimately disagree may not be practicable. The selection of the Series 2024A Bonds by the IRS for an examination or an audit of bonds



presenting similar tax issues may affect the market price for or the marketability of the Series 2024A Bonds and may cause the Issuer, the Borrower, or the holders of the Series 2024A Bonds to incur significant expense.

### **Series 2024B Bonds**

Interest on the Series 2024B Bonds is included in gross income for federal income tax purposes.

### **State Tax Matters**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2024 Bonds is exempt from all taxation and assessments in the State. Purchasers of the Series 2024 Bonds should consult with their tax advisors with respect to the State and local tax consequences of owning the Series 2024 Bonds.

## **UNDERWRITING**

The Series 2024 Bonds will be purchased by Raymond James & Associates, Inc., Minneapolis, Minnesota (the “Underwriter”). The Underwriter has agreed to purchase the Series 2024A Bonds for a purchase price of \$\_\_\_\_\_ which amount represents the principal amount of the Series 2024A Bonds (\$\_\_\_\_\_), [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, less the Underwriter’s discount of \$\_\_\_\_\_. The Underwriter has agreed to purchase the Series 2024B Bonds for a purchase price of \$\_\_\_\_\_ which amount represents the principal amount of the Series 2024B Bonds (\$\_\_\_\_\_), less the Underwriter’s discount of \$\_\_\_\_\_. The Underwriter is purchasing the Series 2024 Bonds pursuant to the terms of a Bond Purchase Agreement (the “Bond Purchase Agreement”) between the Issuer, the Borrower, and the Underwriter. The Bond Purchase Agreement also provides that the Borrower will pay miscellaneous out-of-pocket expenses of the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all Series 2024 Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, the approval of certain legal matters by counsel, and certain other conditions. Expenses associated with the issuance of the Series 2024 Bonds are being paid by the Borrower from proceeds of the Series 2024 Bonds. The right of the Underwriter to receive compensation in connection with the Series 2024 Bonds is contingent upon the actual sale and delivery of the Series 2024 Bonds. The initial offering prices set forth on the inside front cover hereof may be changed from time to time by the Underwriter. The Underwriter reserves the right to join with dealers and other investment banking firms in offering the Series 2024 Bonds to the public. The Borrower has agreed under the Bond Purchase Agreement to indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal and state securities laws.

## **CONTINUING DISCLOSURE**

*The Borrower.* The Borrower will enter into and deliver a Continuing Disclosure Agreement (the “Borrower’s Continuing Disclosure Agreement”) with respect to the Series 2024 Bonds. The Borrower’s Continuing Disclosure Agreement is made for the benefit of the registered and Beneficial Owners of the Series 2024 Bonds and in order to assist the Underwriter in complying with its obligations pursuant to the Rule. Under the Borrower’s Continuing Disclosure Agreement, the Borrower is required to file certain financial and operating information of the Borrower within the time periods required under such continuing disclosure undertaking plus all of the listed events required under the Rule at the time of entering into the Borrower’s Continuing Disclosure Agreement. See “APPENDIX G – FORM OF BORROWER CONTINUING DISCLOSURE AGREEMENT” in this Official Statement.

During the last five years, the Borrower has not been subject to a continuing disclosure agreement or undertaking under the Rule.

*The State Treasurer.* The State Treasurer will enter into and deliver a Continuing Disclosure Undertaking (the “State Treasurer Continuing Disclosure Undertaking”) with respect to the Series 2024 Bonds. The State Treasurer Continuing Disclosure Undertaking is made for the benefit of the registered and Beneficial Owners of the Series 2024 Bonds and in order to assist the Underwriter in complying with its obligations pursuant to the Rule. Under the State Treasurer Continuing Disclosure Undertaking, the State Treasurer is required to file certain financial and operating information of the State within the time period required under such continuing disclosure undertaking, but the State Treasurer is not required to file any notice of any of the listed events except with respect to a rating change on the Series 2024 Bonds as a result of a rating change with respect to the Public Charter School Facilities Program. On bond issues similar to this, the State Treasurer has materially complied with its continuing disclosure undertakings. See “APPENDIX J – FORM OF STATE TREASURER CONTINUING DISCLOSURE UNDERTAKING” in this Official Statement.

*No Issuer Obligation.* The Issuer does not have any obligation with respect to the Borrower’s Continuing Disclosure Agreement or the State Treasurer Continuing Disclosure Undertaking because the Issuer is not an “obligated party” under the terms of the Rule. The Issuer will not monitor the compliance by the Borrower with the terms of the Borrower’s Continuing Disclosure Agreement or the State Treasurer with the terms of the State Treasurer Continuing Disclosure Undertaking.

## RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) has assigned the Series 2024 Bonds a long-term rating of “Aa2” based on the Public Charter School Facilities Program. The Public Charter School Facilities Program rating carries a stable outlook.

Moody’s has also assigned the Borrower an issuer credit rating of “Ba1” based on the credit quality of the Borrower.

The ratings assigned by Moody’s to the Series 2024 Bonds reflect only the view of the rating agency and any desired explanation of the significance of such ratings should be obtained from Moody’s. Generally, a rating agency such as Moody’s bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such credit ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of the credit ratings assigned to the Series 2024 Bonds may have an adverse effect on the market price of the Series 2024 Bonds.

## THE BUDGET PROJECTION

The Borrower has prepared the budget projection and related assumptions included in APPENDIX K to this Official Statement. The Borrower’s Budget Projection is based on the assumptions made by management of the Borrower as to, among other things, future enrollment levels, future costs and future revenues. The Borrower’s Budget Projection is for the fiscal years of the Borrower ending June 30, 2025 through June 30, 2030. **The Borrower’s Budget Projection (including the notes thereto) should be read in its entirety.**

The Borrower's Budget Projection is based on various assumptions that represent only the beliefs of the Borrower's management as to the most probable future events and are subject to material uncertainties. No assurances can be given that the Borrower will, in fact, be able to generate sufficient revenue and attain the enrollment levels as stated in the Borrower's Budget Projection, and variations from the Borrower's Budget Projection for each of such matters should be expected to occur. Accordingly, the operations and financial condition of the Borrower in the future will inevitably vary from those set forth in the Borrower's Budget Projection, and such variance may be material and adverse. See "RISK FACTORS – Operating History; Reliance on Borrower Projections" in this Official Statement.

The Borrower has not assumed any responsibility after the issuance of the Series 2024 Bonds to update the Borrower's Budget Projection or to provide any financial forecasts or projections in the future. The Underwriter and the Issuer have made no independent inquiry as to the assumptions on which the Borrower's Budget Projection is based and assume no responsibility therefor. See "APPENDIX K – BORROWER'S BUDGET PROJECTION" in this Official Statement.

## **FINANCIAL STATEMENTS**

The audited financial statements of the Borrower for the Fiscal Year ended June 30, 2024 (the "Financial Statements") included in this Official Statement in "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2024," have been audited and prepared by Quest CPAs PLLC, Meridian, Idaho (the "Auditor") to the extent and for the periods indicated in their report thereon. The Borrower is not aware of any facts that would make such Financial Statements misleading.

## **RELATIONSHIPS AMONG THE PARTIES**

In connection with the issuance of the Series 2024 Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified above under the heading "LEGAL MATTERS" and Skinner Fawcett LLP, is acting as Bond Counsel. In other transactions not related to the Series 2024 Bonds, each of these attorneys or law firms may have acted as Bond Counsel or Underwriter Counsel or represented the Issuer, the Borrower, or the Underwriter or their affiliates, in capacities different from those described under "LEGAL MATTERS," and there will be no limitations imposed as a result of the issuance of the Series 2024 Bonds on the ability of any of these firms or attorneys to act as Bond Counsel or Underwriter Counsel or represent any of these parties in any future transactions. Potential purchasers of the Series 2024 Bonds should not assume that the Issuer, the Borrower or the Underwriter or their respective counsel or Bond Counsel or Underwriter Counsel have not previously engaged in or will not after the issuance of the Series 2024 Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurances can be given that there are or will be no past or future relationship or transactions between or among any of these parties or these attorneys or law firms.

## **THE TRUSTEE**

The Issuer has appointed Zions Bancorporation, National Association, a national banking association organized under the laws of the United States of America, to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated

in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Series 2024 Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Issuer of any of the Series 2024 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Series 2024 Bonds by the Issuer. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2024 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Series 2024 Bonds, or the investment quality of the Series 2024 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

## **MISCELLANEOUS**

### **Registration of Series 2024 Bonds**

Registration or qualification of the offer and sale of the Series 2024 Bonds (as distinguished from registration of the ownership of the Series 2024 Bonds) is not required under the federal Securities Act of 1933, as amended, or the Idaho Securities Act, as amended. The Issuer assumes no responsibility for qualification or registration of the Series 2024 Bonds for sale under the securities laws of any jurisdiction in which the Series 2024 Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred.

### **Certification**

The preparation of this Official Statement and its distribution have been authorized by the Borrower and the Issuer. This Official Statement is not to be construed as an agreement or contract between the Borrower or the Issuer and any purchaser, owner or holder of any Series 2024 Bond.

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**APPENDIX A**

**THE BORROWER AND THE FACILITIES**

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**APPENDIX A**  
**THE BORROWER AND THE FACILITIES**  
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## APPENDIX A

### THE BORROWER AND THE FACILITIES

#### General

Alturas Preparatory Academy, Inc. (the “Borrower”) is an Idaho (the “State”) nonprofit corporation organized on March 16, 2020 pursuant to the Idaho Non-Profit Corporation Act, Idaho Code §§30-3-1 et seq. The Borrower is an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which (a) is exempt from federal income taxation under Section 501(a) of the Code (except with respect to “unrelated business taxable income” within the meaning of Section 512(a) of the Code) and (b) is not a “private foundation” as defined in Section 509(a) of the Code. The Borrower received its IRS Determination Letter on May 17, 2021.

The Borrower operates as a charter school known as Alturas Preparatory Academy (the “Charter School”) located at 2280 East 17th Street, Idaho Falls, Idaho (the “Alturas Prep Campus”). The Borrower operates the Charter School under a charter agreement with the Idaho Public Charter School Commission, which acts as the Charter School’s “Authorized Chartering Entity.” See “CHARTER CONTRACT AND THE AUTHORIZER” below. The Borrower entered into its initial charter contract for the Charter School with the Authorizer on October 8, 2020, for a five-year term effective July 1, 2021 and expiring on June 30, 2026 (the “Charter Contract”). The Charter School opened in the Fall of 2021, serving 294 students in grades 6-10. The Charter School added 11th grade for the 2022-2023 school year and 12th grade for the 2023-2024 school year. Since opening its doors, the Charter School has grown its enrollment to 481 students for the 2024-2025 school year (as of September 1, 2024).

The Borrower and Alturas International Academy (“Alturas International”), an affiliate of the Charter School offering grades K-5, have a transfer agreement that places Alturas International transfer students ahead of the general population in enrollment priority at the Charter School (the “Transfer Agreement”). See “– *Alturas International Academy*” and “THE FACILITIES AND PLAN OF FINANCE – Alturas International Academy” in this Appendix A for a discussion of Alturas International and its affiliation with the Borrower.

The Alturas Prep Campus is leased from Building Hope Grand Teton Mall, LLC (the “Existing Facilities Seller”) pursuant to a Lease Agreement, dated February 9, 2021, between Alturas International and the Existing Facilities Seller, which Lease Agreement will be assigned to the Charter School (as assigned, the “Alturas Prep Lease”) and terminated upon the Borrower’s acquisition of the Alturas Prep Campus. The term of the Alturas Prep Lease expires on June 30, 2045.

The Charter School has offered the Middle Years Programme (6-10) (“MYP”) and Diploma Programme (11-12) (“DP”) of the International Baccalaureate (“IB”) education model to its students since its inception. The Charter School’s IB curriculum offers a unique educational experience designed to create passionate world citizens that engage locally and globally. The IB curriculum is widely recognized as a top college preparatory curriculum. IB challenges and motivates students academically and personally. IB inspires a lifelong quest for learning, infused with enthusiasm and empathy. In addition to supporting academic development, IB addresses students’ social, emotional, and physical well-being through the IB Learner Profile. See “CURRICULUM – IB Curriculum and Reauthorization” in this Appendix A.

*Alturas International Academy.* Alturas International is a tuition-free, open enrollment public charter school currently serving students in grades K-5 located at 151 North Ridge Avenue, Idaho Falls, Idaho (the “Alturas International Campus”). The Borrower is affiliated with Alturas International through (i) the Transfer Agreement; (ii) overlapping board membership; and (iii) common administrators. Alturas International, however, is a separate corporate entity, with a separate Tax Identification Number and 501(c)(3) designation, and a separate Local Education Agency (“LEA”). While the Charter School and Alturas International have overlapping board members, each school holds its own board meetings. Alturas International opened for its first year of operation for the 2016-2017 school year and offers the Primary Years Programme (“PYP”) of the IB education model. As of September 1, 2024, Alturas International has approximately 569 students enrolled for the 2024-2025 school year in grades K-5 and has a waitlist of 357 students. *The State payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds and the Alturas International Campus will not be subject to the lien of the Deed of Trust for the Series 2024 Bonds.* See “THE FACILITIES – Alturas International Academy” below in this Appendix A.

## **The Series 2024 Bonds**

The Series 2024 Bonds will be issued pursuant to a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Idaho Housing and Finance Association (the “Issuer”), and Zions Bancorporation, National Association, as trustee (the “Trustee”). Proceeds of the Series 2024 Bonds will be loaned to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”), between the Issuer and the Borrower.

## **The 2024 Project**

The Borrower is requesting that the Issuer issue the Series 2024 Bonds and loan the proceeds thereof to the Borrower in order to: (i) finance the acquisition of an existing school facility comprised of approximately 72,000 square feet on an approximately three (3) acre site, including certain related equipment and improvements located at 2280 East 17th Street, Idaho Falls, Idaho (the “Existing Facilities”), leased pursuant to the Alturas Prep Lease for the operation of the Charter School; (ii) finance the acquisition and construction of a gymnasium and related improvements on certain real property adjacent to the Existing Facilities (the “Adjacent Property”) or on the same real property as the Existing Facilities (the “New Facilities,” and together with the Existing Facilities, the “Facilities”); (iii) fund a debt service reserve fund; and (iv) pay certain costs of issuance of the Series 2024 Bonds (collectively, the “2024 Project”). The Charter Contract limits maximum enrollment at the Charter School to 672 students. See “THE FACILITIES AND PLAN OF FINANCE” in this Appendix A.

## **The Deed of Trust**

To secure the Borrower’s payment obligations under the Loan Agreement, and, in turn, debt service on the Series 2024 Bonds, the Borrower will enter into a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of November 1, 2024 (the “Deed of Trust”), among the Borrower, as trustor, TitleOne, as deed of trust trustee for the benefit of the Trustee, as beneficiary, creating a first lien on and security interest in the Existing Facilities owned by the Borrower and all other land and facilities which are financed or refinanced with the proceeds of the Series 2024 Bonds in favor of the Trustee on behalf and for the benefit of the Bondholders. The Deed of Trust will be amended if the Borrower acquires the Adjacent Property and constructs the New Facilities thereon so that the Adjacent Property and New Facilities are subject to the lien of the Deed of Trust. *The State payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds and the Alturas International Campus will not be subject to the lien of the Deed of Trust for the Series 2024 Bonds.*

## **CHARTER CONTRACT AND THE AUTHORIZER**

### **Charter Contract**

The Charter School operates pursuant to a charter school contract between the Idaho Public Charter School Commission (the “PCSC” or “Authorizer”), a commission located in the Office of the Idaho Board of Education (“IDOE”). The Authorizer has the authority to grant charter contracts to charter schools pursuant to the Idaho Public Charter Schools Act, Title 33, Chapter 52, as amended (the “Charter Schools Act”). Pursuant to the Charter Schools Act, only “high performing” schools are eligible to participate in the State of Idaho’s credit enhancement program.

The Borrower entered into its initial Charter Contract with the Authorizer on October 8, 2020, effective July 1, 2021. The Charter Contract is currently set to expire on June 30, 2026 (five-year contract). The Charter Contract authorizes the Borrower to serve students in grades 6-12. The Charter Contract imposes a maximum enrollment limit of 672 students in grades 6-12. State law provides that a charter school may petition to revise a charter contract at any time. The Borrower may not charge tuition and has no taxing authority.

### **Revocation and Nonrenewal**

Pursuant to the Accelerating Public Charter Schools Act (the “Act”), a charter agreement may be revoked, after reasonable notice and opportunity to cure, if a charter school’s Authorized Chartering Entity determines that the school has:

- (a) committed a material and substantial violation of any condition, standard or procedure set forth in the Act or the charter agreement;
- (b) failed to meet generally accepted standards of fiscal management; or
- (c) substantially violated any material provision of law from which the Charter School was not exempted.

If any of the above-listed events occur, then the Authorized Chartering Entity (IDOE) must provide the Borrower with prompt written notice and a reasonable opportunity to cure the defect. A decision to revoke a charter agreement may be appealed to the IDOE. The Borrower represents that as of the date hereof, its charter agreement is valid, and it is currently in good standing under the terms of its charter agreement and the Charter Schools Act.

### **Mission Statement**

The Borrower has adopted the following mission statement:

*Alturas Preparatory Academy promotes academic distinction while empowering students to be principled and intellectual leaders as they explore, create, investigate, and analyze in a safe, engaged, collaborative environment that inspires them to make a genuine difference in their local and global community. Relevant learning opportunities for high-quality education through community partnerships and engagement helps our students develop attitudes and knowledge to succeed in a technologically advanced world.*

### **Vision Statement**

The Borrower has adopted the following vision:

*Alturas Preparatory Academy seeks to support, educate, and inspire every student to think collaboratively, value learning, and recognize their common humanity and shared stewardship of the planet. As an IB school, we inspire students to be life-long learners, critical thinkers, and global citizens in an ever-changing world.*

### **Key Educational Design Elements**

The key educational design elements of the Borrower's model are as follows:

- Children deserve to be taught at their instructional levels to achieve an education that is rigorous and engaging. In every Charter School classroom, instruction is provided in small groups. Students constantly collaborate and communicate with partners and group members. Through small group learning the students foster analytical and critical thinking skills and explore real life world problems where every member of the group contributes.
- The Charter School operates multi-age classrooms and provides students support through peer mentoring and peer collaboration. Students can remain with the same teacher for up to three years, which allows teachers to identify students' strengths and needs quickly, across an extended period.
- Teachers primarily act as a facilitator/trainer to help students become independent, collaborative learners. Emphasis is placed on the classroom as a collaborative, safe, and supportive community.
- Individuals who believe their talents can be developed through challenging work, good strategies, and input from others have a growth mindset. Teaching excellence is gained through engagement and collaboration and developing the 21st Century skills of communication, collaboration, critical and creative thinking.

### **History**

Michelle Ball, the Executive Director and Co-Founder of the Charter School and Alturas International, taught in a multi-aged classroom for thirty-eight years, which laid a strong foundation of community support and engagement. This foundation is the reason Ms. Ball was able to create the extraordinary village of students, parents, and educators that is the Charter School and Alturas International.

In the classroom, students are responsible for their learning. Parents are actively involved in the classroom as well, supporting innovative activities and helping facilitate student driven learning. Ms. Ball noticed when students moved on to fourth grade, they missed the strong community and instructional level learning they had experienced for three years. Students were taught at their grade level which was frustrating for parents as well as students. There were many discussions about how things had to change to meet students' needs. Through these discussions, Ms. Ball began to realize that the only way to make changes that would benefit more than the students in her classroom was to start a charter school.

In the spring of 2015, Ms. Ball and a group of parents met to propose the idea of setting up a charter school to a group of interested parents. The group decided to do a homeschool co-op while they wrote the charter which outlined their mission, vision and philosophy of education. Twenty-five students signed up to be part of a year-long, idealistic educational journey. The school was located in part of an empty office building in downtown Idaho Falls and planned to acquire the O.E. Bell building to serve as the permanent building site. This group of parents and Ms. Ball volunteered their time and efforts to research, write, and receive a charter in nine months.

The Charter School received approval of its charter from the PCSC, and Bluum, representing the J.A. and Kathryn Albertson Foundation, provided a \$1,000,000 grant to help Alturas International open its doors and renovate the O.E. Bell building.

Alturas International opened in the Fall of 2016, serving students in grades K-5, adding a grade each year until it served grades K-8. When the Charter School opened in the 2021-2022 school year, most of the 6-8 grade students moved from Alturas International to the Charter School, creating the inaugural 6th-10th grade cohort. As of September 1, 2024, the Charter School has 481 students in grades 6-12 enrolled at the Charter School.

### **Annual Performance Reports**

The PCSC issues an annual performance report for each of its authorized charter schools, providing an overview of their performance and setting forth certain academic, operational and financial performance outcomes based on PCSC's evaluation framework. This report reflects how the school's outcomes during the most recently completed school year measure up against the expectations established in the framework. At the end of each 5-year term, PCSC reviews the school's annual reports and financial data to inform its decision to renew, conditionally renew, or not renew, the school for a subsequent term.

Each measure included in the PCSC's framework has a "meets standard" benchmark. If the school meets standard on all measures of the framework as reflected in the most recent year's Annual Performance Report, the school is guaranteed renewal. If the school does not achieve "meets standard" on one or more measures of the school's operating contract, it may be conditionally renewed or not renewed.

According to the PCSC Performance Framework Guidance, the possible outcomes are (i) Exceeds Standard; (ii) Meets Standard; (iii) Approaches Standard; or (iv) Does Not Meet Standard. PCSC assigns an outcome for a number of different measures, including:

**Academic** – Math Proficiency; ELA Proficiency; Math Growth; ELA Growth; Literacy Proficiency; and College and Career Readiness.

**Operational** – Governance Structure; Governance Oversight; Governance Compliance; Student Services; Data Security and Information Transparency; Facility and Services; and Operational Compliance.

**Financial** – Current Ratio; Unrestricted Days Cash; Default; Enrollment Variance; Total Margin and 3-year Aggregated Total Margin; Cash Flow and Multi-Year Cash Flow; Debt Service Coverage Ratio; Debt to Asset Ratio; and Financial Compliance Rubric.

An example of the PCSC's scoring criteria (Math and ELA Proficiency) is shown on the following page. Complete copies of the PCSC's scoring rubrics and the Charter School's Annual Reports can be accessed through the PCSC's website (<https://chartercommission.idaho.gov/schools/alturas-preparatory-academy/>). The link to the PCSC's website is provided for reference only and none of the information thereon or accessed thereby is incorporated into this Official Statement.

## **Math and ELA Proficiency Rubric**

### **Exceeds Standard**

The school's proficiency rate is greater than one standard deviation above the mean of the identified comparison group, **OR** The school's proficiency average is in 90<sup>th</sup> percentile of all Idaho schools.

### **Meets Standard**

The school's proficiency rate is equal to the mean or falls between the mean and one standard deviation above the mean of the identified comparison group.

### **Approaches Standard**

The school's proficiency rate falls between the mean and one standard deviation below the mean of the identified comparison group.

### **Does Not Meet Standard**

The school's proficiency rate is more than one standard deviation below the mean of the identified comparison group, **OR** the school has been identified for comprehensive or targeted support for three consecutive years as per the Idaho Consolidated Plan.

For the 2022-2023 school year, the Charter School earned the following ratings:

- Academic – “Exceeds Standard” in every category except Math Growth (where it earned “Meets Standard”). Data on Literacy Proficiency and College and Career Readiness was not available in the 2023 Performance Report.
- Operational – “Meets Standard” in every category.
- Financial – “Exceeds Standard” in current ratio and unrestricted days cash. “Meets Standard” in defaults, total margin, cash flow, debt service coverage ratio, debt asset ratio, and financial compliance. “Approaches Standard” in enrollment variance. Enrollment variance measures what percentage of a school's projected enrollment was achieved, with a school earning “Meets Standard” for achieving an enrollment variance of at least 95% (and “Exceeds Standard” for achieving at least 95% for three consecutive years). The Charter School's enrollment variance was 94%.

For the 2021-2022 school year, the Charter School earned the following ratings:

- Academic – “Exceeds Standard” in ELA Proficiency. “Meets Standard” in Math Proficiency. Data was unavailable and the Charter School was not rated for the remaining categories.
- Operational – “Meets Standard” in every category.
- Financial – “Exceeds Standard” in current ratio and debt service coverage ratio. “Meets Standard” in all other categories.

## **Accountability Identification**

The IDOE has a similar accountability system which provides a complete picture of how well schools are serving students. This accountability system was designed to publicly report information on multiple key performance indicators, identify underperforming schools for additional state or district support, and identify schools for recognition. The accountability system uses key performance indicators to identify underperforming schools to receive extra assistance from the state or school district to support improved student learning. In addition to providing school-specific data, the accountability system creates a ‘performance recognition’ and ‘school identification’ designation for each school. The most recent data and designations on the IDOE Report Card are from the 2022-2023 school year.

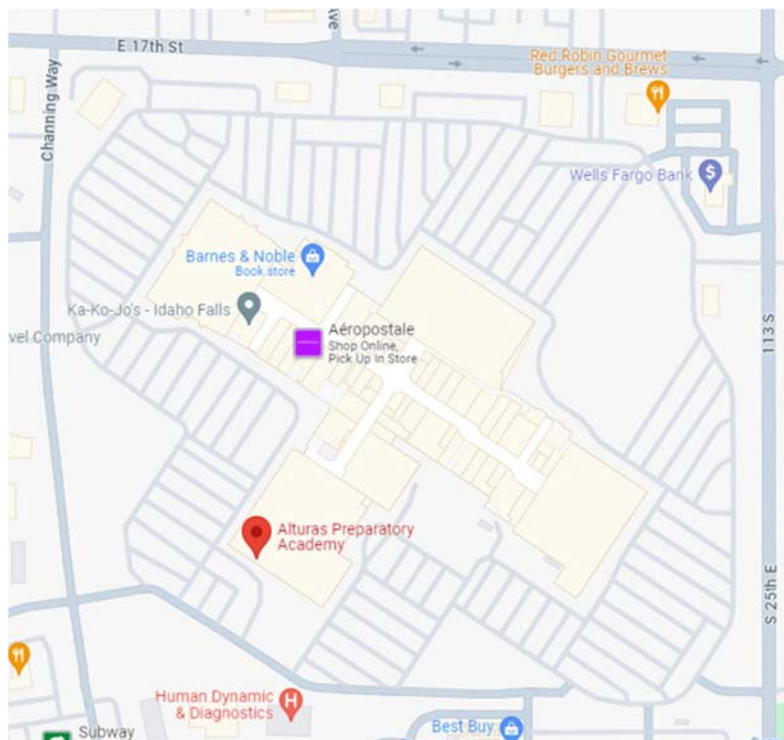
## THE FACILITIES AND PLAN OF FINANCE

### Plan of Finance

The Borrower will use the proceeds of the Series 2024 Bonds in order to: (a) finance the acquisition of the Existing Facilities; (b) finance the acquisition and construction of the New Facilities on the Adjacent Property or on the same property as the Existing Facilities; (c) fund a debt service reserve fund; and (d) pay certain costs of issuance of the Series 2024 Bonds. The Borrower is purchasing the Existing Facilities from the Existing Facilities Seller. The Borrower has been in active negotiations for the purchase of the Adjacent Property from a third-party seller who owns the other portions of the mall in which the Existing Facilities are located (the “Adjacent Property Seller”). However, no assurances can be given that the Borrower will acquire the Adjacent Property. If the Borrower is unable to acquire the Adjacent Property, the Borrower intends to construct the New Facilities on the same site as the Existing Facilities.

### The Facilities

The Existing Facilities are located at 2280 East 17th Street in the City of Idaho Falls, totally 72,000 square feet on approximately 3 acres. The Charter School serves students in grades 6-12 and the Existing Facilities include 26 classrooms, two science labs, a music room, a workout room, three common areas, an auxiliary gym, and an exterior courtyard. Upon completion of the New Facilities, the Facilities will also include a gymnasium (currently estimated to contain approximately 13,600 square feet). The Facilities have a physical capacity of approximately 600+ students. The site of the Existing Facilities was previously utilized as a department store and is connected to a shopping mall.



Source: Google Maps.

(The remainder of this page is intentionally left blank.)

### **Main Entrance to the Charter School**



*Source: Phase I Report.*

### **Land and Building Acquisition; Construction of the New Facilities**

The Borrower will enter into a Purchase and Sale Agreement with the Existing Facilities Seller (together with any amendments and supplements, the “Existing Facilities Purchase Agreement”) to purchase the Existing Facilities for a purchase price of \$11,018,082.87, subject to certain adjustments.

At a later date, the Borrower may also purchase the Adjacent Property from the Adjacent Property Seller pursuant to a separate purchase agreement using proceeds of the Series 2024A Bonds held in the Gymnasium Account of the Project Fund under the Indenture. The Borrower’s acquisition of the Adjacent Property is contingent upon the Borrower and the Adjacent Property Seller reaching an agreement for the sale of the Adjacent Property, the Borrower obtaining a new subdivision and re-platting of such land, satisfaction of certain conditions, including the consent of the Adjacent Property Seller and certain mall tenants, the Borrower obtaining a commitment from a title insurance company to issue a date-down endorsement to the lender’s title policy and subjecting the land for the New Facilities, if on the adjacent parcel, to the lien of the Deed of Trust. If the Borrower fails to satisfy the required conditions to acquire the adjacent land, then the Borrower intends to construct the New Facilities on the same site as the Existing Facilities (with appropriate modifications to the size and scope of the New Facilities).

In either case, prior to the disbursement of any Series 2024A Bond proceeds held in the Gymnasium Account within the Project Fund under the Indenture, the Borrower must satisfy certain conditions, including certifying that it has received all zoning approvals and building permits necessary to construct the New Facilities, has executed a guaranteed maximum price construction contract related to the construction of the New Facilities in an amount not to exceed \$4,250,000, and has received necessary opinions of counsel. These preconditions to disbursement must be satisfied by the Borrower no later than September 1, 2026. If the Borrower fails to satisfy the conditions prior to such date, a special mandatory redemption will occur from funds held in the Gymnasium Account of the Project Fund in accordance with the requirements of the Indenture, as further described under the heading “THE SERIES 2024 BONDS – Prior Redemption – *Excess Proceeds Redemption*” in the body of this Official Statement.

## **Owner's Representative and Project Management**

The Borrower has also engaged Paradigm of Idaho, Inc. (the "Owner's Representative") to provide owner's representation services for the construction of the New Facilities. The Owner's Representative is providing predevelopment support services and will provide oversight and management of all aspects of the New Facilities related to scope, schedule, and budget. The Owner's Representative will manage contract solicitation, negotiations and administration and be responsible for review of project cost review, approval and draw submittals for payment. The Owner's Representative will be actively engaged in all project meetings providing a dedicated single point of contact for the Borrower to all project team members through completion and occupancy of the New Facilities.

Paradigm of Idaho, Inc. has successfully serviced clients in the State of Idaho since 2007, completing projects in various industries including Education (both District and Public Charter), Commercial, Industrial, Healthcare, and Non-profits. Its education clients include College of Western Idaho, University of Idaho, Twin Falls School District, Anser Charter School, Elevate Academy Gem Prep Charter Schools, Alpine Academy, Idaho Novus Classical Academy, and Treasure Valley Classical Academy.

## **Environmental Assessment**

The Borrower has obtained a Phase I Environmental Assessment on the Facilities, dated September 23, 2024 (the "Phase I Report"), from AEI Consultants ("AEI"). In connection with the site and the Facilities, the Phase I Report did not reveal or find evidence of any recognized environmental conditions (RECs) or controlled recognized environmental conditions (CRECs). The Phase I Report did identify the following historical recognized environmental condition (HRECs):

- The site was formerly equipped with a one (1) 500 gallon waste oil UST, which was installed in December 1988 to the southeast corner of the former Sears tenant space. This UST was formerly utilized in association with the Sears automotive servicing center. The Idaho Department of Environmental Quality ("IDEQ") indicated that a Closure Assessment Report was completed in May 1995 (the "Closure Report") after the steel UST was removed in November 1994. The Closure Report noted no visible holes, penetrations, or corrosion associated with the tank. The IDEQ issued regulatory closure on May 24, 1994 based on metal soil sampling results being below State corrective action levels. AEI completed sampling activities on the site in September 2020 during the renovation of the Existing Facilities for use as a charter school by the Borrower. These samples did not identify elevated photoionization detector readings nor evidence indicating a release from the former UST. AEI concluded that based on the removal of the former UST, regulatory closure granted, time elapsed, and the results of nearby soil sampling in September 2020, the former UST represents an HREC and does not warrant any further investigation.

AEI did note in the Phase I Report the following de minimus condition:

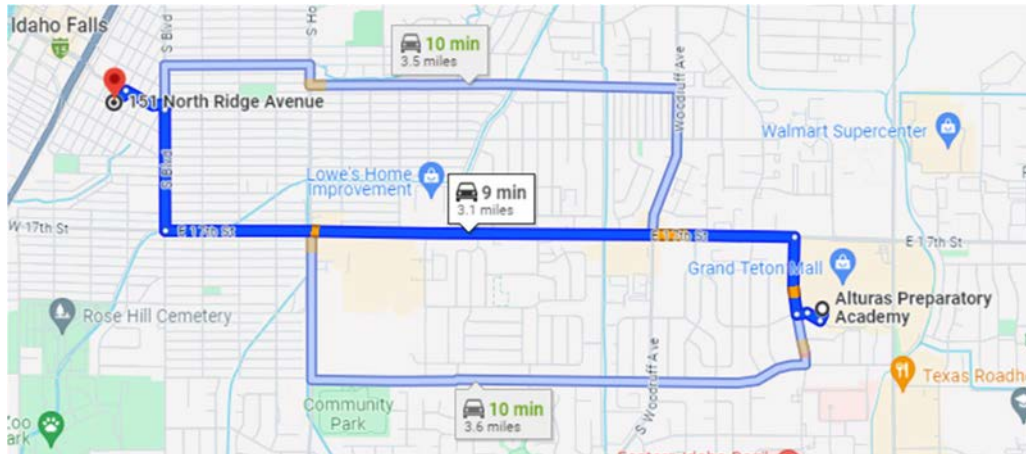
- The site of the Existing Facilities was previously occupied by a Sears automotive center which was equipped with floor drains and an oil/water separator ("OWS") that was utilized in connection with such automotive repair activities. In September 2020, AEI completed a Phase II Subsurface Investigation to evaluate the potential for subsurface impacts associated with the former drains and OWS. AEI concluded from this investigation that the concentration of certain contaminants were below the Idaho DEQ standards which was a good indicator for lack of release. AEI also stated that if the OWS was no longer in use, it should be closed. Per the Borrower, the former drains and OWS were removed in 2020 during the renovation of the Existing Facilities for use as a charter school by the Borrower. Based on the lack of release and the reported removal of the former drains and OWS, the former drains and OWS are not considered REC.

Although the management of the Borrower believes that it is in material compliance with applicable environmental laws for the Facilities, costs incurred by the Borrower with respect to environmental remediation or liability could adversely affect its financial condition and its ability to own and operate the Facilities. If excessive costs are incurred by the Borrower in connection with remediating environmental problems or from liability to third parties, such costs could make it impractical for the Loan Agreement to be continued pursuant to its current terms. See "RISK FACTORS – Environmental Regulations" in this Official Statement.



**Alturas International Academy**

Alturas International opened for the 2016-2017 school year for students in grades K-5 with 271 students and is located at 151 North Ridge Avenue in the City of Idaho Falls. Alturas International added a grade each year until it served students in grades K-8. Students in grades 6-8 moved to the Charter School when it opened in the 2021-2022 school year. Alturas International offers students the PYP IB education model. Alturas International is approximately three (3) miles west of the Charter School, as detailed on the map below.



Source: Google Maps.

*Current and Projected Enrollment.* Alturas International is a tuition-free, open enrollment public charter school currently serving students in grades K-5 located at the Alturas International campus. Alturas International opened for its first year of operation for the 2016-2017 school year and offers the PYP of the IB education model. Alturas International’s current student enrollment (as of September 1, 2024) is detailed in the table below. *The State payments received in connection with the operation of Alturas International are not pledged to or available for the payment of debt service on the Series 2024 Bonds and the Alturas International Campus will not be subject to the lien of the Deed of Trust for the Series 2024 Bonds.*

**Current Enrollment and Projections at Alturas International Academy**

<b>Grade</b>	<b>2024-2025<sup>(1)</sup></b>	<b>2025-2026<sup>(2)</sup></b>	<b>2026-2027<sup>(2)</sup></b>	<b>2027-2028<sup>(2)</sup></b>	<b>2028-2029<sup>(2)</sup></b>
K	96	96	96	96	96
1	96	96	96	96	96
2	96	96	96	96	96
3	96	96	96	96	96
4	96	96	96	96	96
5	96	96	96	96	96
<b>TOTAL</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>

<sup>(1)</sup>Enrollment as of September 1, 2024.

<sup>(2)</sup>Projected enrollment.

Source: The Borrower.

*Transfer Agreement Enrollment.* A large percentage of the students from Alturas International enroll at the Charter School through the Transfer Agreement. The table on the following page reflects the number students from Alturas International who have enrolled at the Charter School through the Transfer Agreement.

### Students Enrolled at Alturas Preparatory Academy through the Transfer Agreement

Year	# of Students from Alturas International	% of Students from Alturas International
2024-2025 <sup>(1)</sup>	80	86%
2023-2024	73	79
2022-2023	72	78

<sup>(1)</sup>Enrollment as of September 1, 2024.  
Source: Borrower's internal records.

*Waitlist.* Below is a table reflecting the waitlist for enrollment at Alturas International for the past three years:

#### Waitlist by Grade at Alturas International Academy

Grade	2022-2023 <sup>(1)</sup>	2023-2024 <sup>(2)</sup>	2024-2025 <sup>(3)</sup>
K	112	138	122
1	102	60	71
2	55	40	36
3	77	44	47
4	17	24	14
5	31	28	19
Total	<b>312</b>	<b>334</b>	<b>309</b>

<sup>(1)</sup> As of April, 2023.  
<sup>(2)</sup> As of April, 2024.  
<sup>(3)</sup> As of September 12, 2024.  
Source: The Borrower.

### Alturas Academy North

The Alturas schools plan to open a K-8 charter school known as “Alturas Academy North” in Rigby, Idaho, a 15-minute drive from the Charter School. This location allows the Alturas schools to serve the growing Rigby community and extend the successful educational model of other Alturas schools. Alturas Academy North is anticipated to open for the 2026-2027 school year with 312 students in grades K-6 and grow to 648 students in grades K-8 by the 2031-2032 school year.

Alturas Academy North 8<sup>th</sup> grade students will have the option to transfer seamlessly to Alturas Preparatory Academy for high school as the close proximity of the two schools ensures an easy transition. These transfers will help maintain full enrollment at the Charter School and support a vibrant, thriving high school experience. This continuity strengthens both campuses and offers students an exceptional educational journey from kindergarten through high school.

## CURRICULUM

### Curriculum Overview

The Charter School operates on a 4-day school week for students, dedicating Fridays to educator Professional Development. College and career readiness requires students to know more than just content. Students must also be prepared to demonstrate what they have learned, how they have learned, and be able to problem solve. Students must develop excellent communication skills and learn to work collaboratively in an educational and/or work environment. The Charter School focuses not only on the Charter School’s students’ high school success, but on fostering lifelong learners well prepared for college and/or career success.

IB schools share a common philosophy – a commitment to high quality, challenging, international education that the Charter School believes is important for its students. An IB curriculum is predominantly an inquiry-based

curriculum approach to education. Inquiry is the process initiated by the student or the teacher that moves the student from his or her current level of understanding to a new and deeper level of understanding.

### **IB Curriculum and Reauthorization**

The Charter School seeks to provide its students with a strong educational foundation by incorporating Idaho Core Standards and a teaching method developed by the International Baccalaureate Organization (“IBO”). The IBO has provided an internationally recognized and respected philosophy or method of teaching and learning referred to as the International Baccalaureate program, which was originally created for high school level students in the mid-20th century. The initial driving force was to provide a high quality educational program that could be taught with consistency to students of diplomats around the world. The IB program has grown substantially since its inception. Today, approximately 5,800 schools in 160 countries around the world, including approximately 1,207 schools in the United States (1,100 of which are public schools), have incorporated the IB program as their learning curriculum.

The Charter School is the only school in Southeastern Idaho to offer the MYP programme. There are four K-12 schools in the United States authorized as an IB World School for all four IB K-12 curriculum programs. On an annual basis, the Borrower submits dues for each program and IB provides annual oversight and support to the Borrower. Every five years, with respect to each program, and similar to all IB World Schools across the globe, the Borrower undertakes a ‘reauthorization process’ with the IBO whereby IB reviews the Borrower’s performance and visits the Charter School to determine if the Borrower continues to meet the requirements of an IB World School.

The Charter School opened its doors for the 2021-2022 school year for students in grades 6-10 and is accredited from the IBO in Geneva as a Middle Years Programme IB World School for grades 6-10. The Charter School has added grades 11 and 12 since its inception. The Charter School was accepted for inclusion in the IB Diploma Program (11-12), globally recognized as a top college preparatory curriculum. Alturas International is authorized for IB’s Primary Years Programme (K-5).

The Charter School believes that its IB curriculum offers a unique educational experience designed to create passionate world citizens that engage locally and globally. IB challenges and motivates students academically and personally. IB inspires a lifelong quest for learning, infused with enthusiasm and empathy. In addition to supporting academic development, IB addresses students’ social, emotional and physical well-being through the IB Learner Profile.

### **IB Learner Profile**

These learner attributes help define the type of learner the IB develops:

*Open-minded.* Willing to experience and grow through the understanding of their culture while gaining an appreciation of other cultures and alternative points of view.

*Thinkers.* Critical and creative when approaching complex problems for the purpose of making reasoned and ethical decisions.

*Communicators.* Effective with collaboration with others while confidently and creatively using a variety of communication tools.

*Principled.* Honest and act with integrity, as well as a strong sense of fairness, while taking responsibility for their own actions and accepting the consequences that accompany them.

*Inquirers.* Naturally curious because they have been instilled with the necessary skills to conduct inquiry and research.

*Reflective.* Able to evaluate and understand their strengths and limitations through careful consideration of their learning and personal development.

*Knowledgeable.* Able to explore concepts, ideas, and issues that have local and global significance and develop a deeper understanding across multiple disciplines.

*Risk-takers.* Independent to explore new roles, unfamiliar ideas, and uncertain situations with courage and the empowerment to articulate when defending their beliefs.

*Caring.* Empathetic, compassionate, and respectful towards the needs and feelings of others in order to make a positive difference to others and to the environment through a personal commitment to service.

*Balanced.* Conscientious of the importance of intellectual, physical, and emotional balance.

### **Middle Years Programme (MYP) (grades 6-10)**

The Charter School's MYP is a holistic framework of inquiry learning that encourages students to become creative, critical and reflective thinkers. This inclusive programme emphasizes intellectual challenge, encouraging all students ages 11-16 (grades 6-10) to make connections between their studies in traditional subjects and the real world.

The MYP encourages students to demonstrate their learning in a variety of ways, take active responsibility for their own learning and reflect on how, what and why they are learning.

- MYP students use concepts as a vehicle to inquire into issues and ideas of personal, local and global significance. Concepts are big ideas that have relevance within specific disciplines and across subject areas.
- Using global contexts, MYP students develop an understanding of their common humanity and shared guardianship of the planet through developmentally appropriate explorations. The students learn about:
  - Identities and Relationships
  - Orientation in Time and Space
  - Personal and Cultural Expression
  - Scientific and Technical Innovation
  - Globalization and Sustainability
  - Fairness and Development
- A Personal Project culminates the MYP Experience at the Charter School for students in their 10th grade year. Individual students decide what they want to learn about, identify what they already know, discover what they will need to know to complete the project and create a proposal or criteria for completing it.
- The MYP at the Charter School is a continuum bridge between the PYP and the DP.

### **Diploma Programme (grades 11-12)**

The Charter School is authorized to offer the DP to students in grades 11 and 12.

*Diploma Programme.* The Charter School believes that the DP is an academically challenging and balanced programme of education with final examinations that prepares students, aged 16 to 19, for success at university and life beyond. Students will be required to study at least two languages, which leads to effective participation in a rapidly evolving and increasingly global society.

The DP created by IB is designed to address the intellectual, social, emotional, and physical well-being of students, the DP has gained recognition and respect from the world's leading universities.

The core of the DP includes:

- The extended essay asks students to demonstrate independent research by conducting an in-depth study of a question relating to one of their DP subjects.
- Theory of knowledge is a course on critical thinking. Students inquire into the philosophy of knowing and deepen their understanding of knowledge as a human construction.
- Creativity, action, service (CAS) gets students involved. Creativity encourages students to engage in the arts and creative thinking. Action seeks to develop a healthy lifestyle through physical activity. Service in the community offers new experiences and hands-on learning with academic value.

## Extracurricular Activities

The Charter School offers students the opportunity to participate in several sports including basketball, cross-country, tennis, track & field and co-ed volleyball. The Charter School concentrates its sports extracurricular activities around “life-long” sports. The Charter School also offers several clubs, including: yearbook, birdwatching, robotics, and yoga.

## GOVERNANCE; ADMINISTRATION; FACULTY AND FACULTY RETENTION

### Governance

State law requires all public charter schools to be governed by a board of directors. All State charter school boards are subject to the State’s public meeting laws and are open to the public.

The Borrower is currently governed by a Board of Directors (the “Board”) that has six sitting members. According to the bylaws, the Board shall consist of not less than three directors nor more than fifteen Directors. The number of directors may be increased or decreased from time to time by the majority vote of the Board; provided, however, that the Board shall consist of not fewer than three (3) directors. Each director is elected for staggering three-year terms with elections held annually in July of each year for open Board positions.

### Board Members

The following individuals currently serve as members of the Board:

<u>Name</u>	<u>Board Position</u>	<u>Expiration of Term</u>
Candise Gilbert	Chair	July 2025
Jaime Mayo	Secretary	July 2026
Richa Kohli Sabharwall	Assistant Secretary	July 2025
Lee Stimpson	Treasurer	July 2027
Shay Mattingly	Director	July 2027
Mike Caldwell	Director	July 2026

***Candise Gilbert, Chair.*** Ms. Gilbert has been on the Board since 2016 and is currently serving as the Chair of the Board. Ms. Gilbert has volunteered in various educational opportunities throughout the world and was a teacher for two years. Ms. Gilbert earned a Bachelor’s degree in Education from Utah State University. Ms. Gilbert has three children attending the Charter School.

***Jaime Mayo, Secretary.*** Ms. Mayo has been on the Board since 2018 and is currently serving as the Secretary of the Board. Ms. Mayo teaches Genetics and Molecular Biology at Brigham Young University. Ms. Mayo earned a Bachelor’s degree in Microbiology from Idaho State University and a Ph.D. in Molecular Biology from Brigham Young University. Ms. Mayo has two children attending the Alturas International and three children attending the Charter School.

***Richa Kohli Sabharwall, Assistant Secretary.*** Ms. Sabharwall has been on the Board since 2024 and is currently serving as the Assistant Secretary of the Board. Ms. Sabharwall is currently employed as a Program Manager at the Idaho National Laboratory. Ms. Sabharwall earned a Bachelor’s degree in Business from India, a Master’s degree in Finance from the University of Leeds in the United Kingdom, and is currently pursuing a Master’s degree in Cybersecurity Policy. Ms. Sabharwall has two children attending the Charter School.

***Lee Stimpson, Treasurer.*** Mr. Stimpson has been on the Board since 2018 and currently serves as the Treasurer of the Board. Mr. Stimpson is the Accreditation Liaison Officer in the Institutional Research department at the College of Eastern Idaho. Mr. Stimpson earned a degree in Recreational Leadership from Brigham Young University and two Master’s degrees in Human Resources and Management Information Systems from Utah State University and is currently working on his Doctor of Education (EdD) in Educational Leadership at Idaho State University. Mr. Stimpson has two children attending the Charter School.

**Shay Mattingly, Director.** Ms. Mattingly has been on the Board since 2024. Ms. Mattingly is the owner and Lead Interior Designer at Teton Design Homes. Ms. Mattingly also co-owns Four Peak Homes and operates Move In Maids LLC. Ms. Mattingly earned a degree in Nursing from Mesa Community College. Ms. Mattingly has one child attending the Alturas International.

**Mike Caldwell, Director.** Mr. Caldwell has been on the Board since 2024. Mr. Caldwell is currently employed as the Director at Bluum in Boise, Idaho. Prior to joining Bluum, Mr. Caldwell was the Principal at Bishop Kelly High School in Boise, Idaho. Mr. Caldwell earned a Bachelor's degree in Education from Boise State University and a Master's degree in Educational Leadership from the University of Idaho.

### **Conflict of Interest Policy**

The Borrower's Conflict of Interest policy (the "Conflict Policy") states that any member of the Board may not have a pecuniary interest, directly or indirectly, except a remote interest, in any contract or other transaction pertaining to the maintenance or conduct of the Charter School or to accept any reward or compensation for services rendered as a director except as expressly provided by State law. The Board may not accept and award contracts involving the Charter School to businesses in which a director of the Board or a person related to him/her by blood or marriage within the second degree has a direct or indirect interest as provided by State law. Further, any member of the Board may not enter into a contract in that director's individual capacity, the effect of which is to create a personal interest which may conflict with the director's public duty. Additionally, any member of the Board may not enter into or execute any contract with the spouse of any member of such Board, the terms of which said contract requires, or will require, the payment or delivery of any school funds, money or property to such spouse, except as provided by State law.

When any relative of any director of the Board or relative of the spouse of a director of the Board related by affinity or consanguinity within the second degree is considered for employment by the Borrower, such director shall abstain from voting in the election of such relative and shall be absent from the meeting while such employment is being considered and determined.

### **Administration**

Key administrators of the Charter School include the following individuals:

**Michelle Ball, Executive Director.** Ms. Ball has been the Executive Director at the Charter School and Alturas International since 2016. Prior to joining Alturas International, Ms. Ball taught at Ethel Boyes, Emerson and Sunnyside Elementary. Ms. Ball has been an educator in Idaho Falls for more than forty years and twenty-two of those years were spent teaching in a multi-age classroom where the model for Alturas International was developed by researching and continually incorporating best practices in education. As Executive Director, Ms. Ball oversees new educators. Ms. Ball earned a Bachelor of Science degree in Education from the University of Utah.

**Brian Bingham, Principal.** Mr. Bingham has been the Principal at the Charter School since 2021. Prior to joining the Charter School, Mr. Bingham was the Principal at Alturas International. Mr. Bingham is a co-founder of the Charter School. Mr. Bingham earned a Master's degree in Educational Leadership from Idaho State University. Mr. Bingham has two children attending Alturas International and two children attending the Charter School.

### **Faculty and Personnel**

As of September 1, 2024, the Borrower employs a total of 35 full-time employees, including 27 full-time-teachers. Of these teachers, all hold bachelor's degrees and 33% hold master's and/or doctorate degrees. Of these teachers, 10 teachers have more than ten years of teaching experience and 7 teachers have over five years of teaching experience. The student-teacher ratio for the MYP is approximately 14:1. The student-staff ratio is approximately 18:1.

**Teaching Experience  
2024-2025 School Year <sup>(1)</sup>**

	<b>Years of Experience</b>
Beginning Teachers	7.4%
1-5 Years' Experience	29.6
6-10 Years' Experience	25.9
Over 10 Years' Experience	37.0

<sup>(1)</sup> As of September 1, 2024.  
Source: Borrower's internal records.

	<b>Faculty</b>			
	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025<sup>(1)</sup></b>
Teachers	17	23	26	28
Administrators	2	2	2	3
Professional Support	2	2	2	2
Instructional Support	4	4	12	12
Non-Instructional Support	3	3	4	4
Total Employees	28	34	46	49

<sup>(1)</sup> As of September 1, 2024.  
Source: Borrower's internal records.

**Teacher Retention**

The table below shows the teacher retention rate for the 2021-2022 through 2024-2025 school years, or the percentage of teachers employed by the Borrower in September as compared to those who were employed in June of the prior year. Teacher retention rates at the Charter School were lower in 2021-2022 and 2022-2023 primarily due to life events affecting a young teaching staff. The vast majority of teachers who did not return (75%-85%) relocated out of state after their spouses completed degrees and accepted jobs elsewhere. Additionally, three teachers left after having babies, which impacted their ability to continue teaching. With such a young staff when the Charter School opened, these types of life events were expected. Notably, only two teachers left during this period to take positions with other local school districts.

**Teacher Retention Rate from the 2021-2022 to 2024-2025 School Years**

	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>2024-2025</b>
Percent of Teachers Retained from Prior School Year	79%	68%	89%	100%

<sup>(1)</sup> As of September 1, 2024.  
Source: The Borrower.

**Compensation Schedule for 2024-2025**

The Charter School has a board-approved Salary Schedule for certificated (teaching) staff. Per the Salary Schedule, new teachers receive a minimum base salary of \$47,859 with experienced teachers receiving a maximum \$69,359 base salary.

As shown on the following page, the Charter School's Salary Schedule is competitive in the Idaho market and is designed to attract and retain teachers by focusing salary premiums on years at the Charter School and years of teaching experience.

**Alturas Preparatory Academy – 2024-2025 Salary Schedule**

<b>Career Ladder Level</b>	<b>Base</b>	<b>BA+24</b>	<b>MA/DR/ES</b>
R1	\$47,859	\$49,859 <sup>(1)</sup>	\$51,359 <sup>(1)</sup>
R2	48,859	50,859 <sup>(1)</sup>	52,359 <sup>(1)</sup>
R3	49,859	51,859 <sup>(1)</sup>	53,359 <sup>(1)</sup>
P1	50,859	52,859	54,359
P2	52,609	54,609	56,109
P3	54,359	56,359	57,859
P4	56,109	58,109	59,609
P5	57,859	59,859	61,359
AP1	61,359	63,359	64,859
AP2	63,359	65,359	66,859
AP3	65,359	67,359	68,859
AP4	67,359	69,359	70,859
AP5	69,359	71,359	72,859

<sup>(1)</sup> Under current law, these residency rungs do not qualify for the \$2,000 BA+24 increase or the \$3,500 Masters+ increase, but the Charter School has chosen to pay these amounts to the teachers in recognition of their additional education.

In addition to the salary amounts indicated the Borrower will pay additional education allocations for staff who meet the professional (P rung) or Advanced Professional (AP rung) criteria in the following amounts:

- BA+24: baccalaureate degree or twenty-four (24) or more credits: \$2,000; or
- MA: master’s degree+: \$3,500

The State required minimum salary schedule as of July 1, 2024 is shown in the table below:

**State Required Minimum Salary Schedule (as of July 1, 2024)**

<b>Level</b>	<b>Base</b>
R1	\$41,500
R2	42,500
R3	43,500
P1	44,500
P2	46,250
P3	48,000
P4	49,750
P5	51,500
AP1	55,000
AP2	57,000
AP3	59,000
AP4	61,000
AP5	63,000

*Source: Idaho Public Charter Schools Act, Title 33, Chapter 10*

**Teacher Professional Development**

The Charter School has a four-day school week for students (Monday-Thursday). While students do not attend school on Fridays, teachers are on contract for Fridays and the Charter School provides for professional development and collaboration. With this structure, teachers at the Charter School have one-day each week to grow as professionals. Fridays are structured to include 6-8 week group studies on key focus areas, collaboration among grade level and content area cohorts, book studies, completing workshops offered through the IBO, and studying student data to drive instruction. Teachers and administrators also attend state-offered trainings throughout the school year.



## Teacher Employment Status

Pursuant to State education statutes and Board policy, all of the Borrower’s teachers, as certificated employees, are employed under an annual contract. All of the Borrower’s classified employees are at-will employees. To the Borrower’s knowledge, there have been no efforts to date by the Borrower’s teachers or classified employees to organize into a union.

## ENROLLMENT; DEMOGRAPHICS; AND TRANSPORTATION

### Historical and Current Enrollment

As an open-enrollment charter school, the Borrower’s admission application is open to any person(s) who resides within the approved geographic boundaries. The Borrower does not discriminate in its admission decisions on the basis of race, color, religion or national or ethnic origin. The Borrower does not have any current plans to increase enrollment at the Charter School.

The Borrower’s current student enrollment as of September 1, 2024 and historical enrollment since the 2021-2022 school year is shown on the table below. Enrollment data outlined is based on student head count.

**Historical and Current Enrollment – Alturas Preparatory Academy**

<u>Grade</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	<u>2024-2025<sup>(1)</sup></u>
6	73	96	94	97
7	74	72	84	93
8	68	74	72	90
9	64	58	45	67
10	16	63	49	41
11	N/A	21	52	49
12	N/A	N/A	11	44
<b>TOTAL</b>	<b>295</b>	<b>384</b>	<b>407</b>	<b>481</b>

<sup>(1)</sup>Enrollment as of September 1, 2024.

Source: IDOE and Borrower’s internal records.

### Future Enrollment Projections

The Borrower is beginning its fourth year of operations at the Existing Facilities. The table below reflects the Borrower’s current and projected future enrollment for the 2024-2025 to 2029-2030 school years. Pursuant to the Charter Contract, the Charter’s School’s maximum enrollment limit is 672 students.

**Future Enrollment Projections at Alturas Preparatory Academy**

<u>Grade</u>	<u>2025-2026</u>	<u>2026-2027</u>	<u>2027-2028</u>	<u>2028-2029</u>	<u>2029-2030</u>
6	100	96	96	96	96
7	100	96	96	96	96
8	90	96	96	96	96
9	74	86	86	86	86
10	59	74	77	77	77
11	39	55	60	60	60
12	44	39	49	49	49
<b>TOTALS</b>	<b>506</b>	<b>542</b>	<b>560</b>	<b>560</b>	<b>560</b>

Source: The Borrower.

### Waitlist

The Borrower enrolls all eligible pupils who submit a timely application unless the number of applications exceeds the capacity of a grade level. In this case, pupils are placed on a waitlist and subsequently accepted by lottery.

To ensure a fair admissions process, if the number of applications received during the open enrollment period exceeds the available enrollment capacity as established by the Borrower, the Borrower will enroll students in the following priority: (i) first, children of full-time employees and children of the founders provided this admission preference is not more than 10% of the capacity; (ii) second, siblings of students already enrolled at the Charter School; (iii) third, children who have applied pursuant to the Transfer Agreement; (iv) fourth, children who reside within the Idaho Falls School District No. 91 (“Idaho Falls School District”), Bonneville School District No. 93 (“Bonneville School District”), and Shelley School District No. 60 (“Shelley School District,” and together with the Idaho Falls School District and the Bonneville School District, the “Primary Attendance Area”); and (v) fifth, children who reside outside of the Primary Attendance Area. All applications for each grade received before the expiration of the open enrollment period are included in the general lottery.

The lottery is held the second Friday in April of each year for the beginning of the following school year. As of August 27, 2024, the Borrower has a waitlist of 20 students for the 2024-2025 school year. The table below reflects the waitlist for the 2024-2025 school year and the prior two school years:

**Waitlist by Grade at Alturas Preparatory Academy**

<b>Grade</b>	<b>2022-2023<sup>(1)</sup></b>	<b>2023-2024<sup>(2)</sup></b>	<b>2024-2025<sup>(3)</sup></b>
6	16	8	18
7	4	0	0
8	19	11	1
9	0	0	0
10	0	0	1
22	0	0	0
12	0	0	0
<b>Total</b>	<b>39</b>	<b>19</b>	<b>20</b>

<sup>(1)</sup> As of April, 2023.

<sup>(2)</sup> As of April, 2024.

<sup>(3)</sup> As of August 27, 2024.

Source: The Borrower.

**Student Attendance and Retention**

The following tables provide student retention data measured using the students enrolled at the Charter School at the end of one school year who remained enrolled at the Charter School at the start of the following school year, exclusive of the twelfth grade class. The following tables show the student attendance and student retention at the Charter School:

**Overall Student Attendance Rate**

<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>
91.66%	90.5%	90.82%

Source: IDOE and Borrower’s internal records

**Student Retention**

	<b># of Students at end of Prior School Year</b>	<b># of Students who attended the School at start of following school year</b>	<b>% of Students retained from end of prior School Year to start of following School Year</b>
2023-2024 <sup>(1)</sup>	285	230	81%
2022-2023	349	265	76%

<sup>(1)</sup> Excludes 12<sup>th</sup> grade students.

Source: Borrower’s internal records.

**Demographics**

The Borrower does not discriminate in its admission decisions on the basis of race, color, religion or national or ethnic origin.

The following table shows the Charter School’s demographics for the 2023-2024 school year.

Caucasian	74%	Limited English Proficient	3%
Multiracial	5	Free/Reduced Lunch	30
Hispanic/Latino	11	Special Education	13
Asian	5.3		
African American	1.4		
Native Hawaiian/Pacific Islander	<1		
Native American/Alaskan Native	2.3		

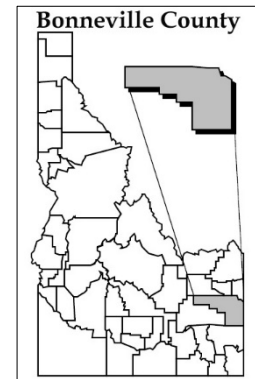
Source: IDOE.

**Demographics of the Surrounding Area.** The Charter School is located in the southeast corner of the State, in Bonneville County at the northern boundary of the City of Ammon and the eastern boundary of the City of Idaho Falls, the fourth most populous city in the State.

Population estimates for the City of Idaho Falls, Bonneville County and the State follow:

<u>Year</u>	<u>City of Idaho Falls</u>	<u>Bonneville County</u>	<u>State of Idaho</u>
2022	67,723	129,496	1,939,033
2020	65,586	123,955	1,839,092

Source: U.S. Census Bureau.



**Local Economy and the Idaho National Laboratory.** The City of Idaho Falls serves as regional center for retail, wholesale, medical, educational and governmental services. Underlying the city’s economy is a strong base of agriculture production coupled with scientific and hi-tech research and supporting businesses for the Idaho National Laboratory. The scientific sector provides a highly educated work force and high incomes in the local economy.

Located approximately five miles from the Charter School, the Idaho National Laboratory is one of 17 national laboratories of the United States Department of Energy. The laboratory is home to more than 5,900 researchers, with approximately 2,000 additional employees working at neighboring sites including the U.S. Department of Energy Idaho Operations Office, Idaho Cleanup Project and the Naval Reactors Facility. The laboratory is the 7<sup>th</sup> largest employer in the State, with employees performing work on energy, national security and environmental projects. Areas of focus include nuclear materials and processing, reactor technologies and science, technology and education integration.

**Special Education**

The Charter School’s Board adopted the 2015 Idaho Special Education Manual (the “Manual”), with all subsequent revisions. The Manual was developed by the Idaho State Department of Education and is offered to LEAs for adoption. The Manual meets the Individuals with Disabilities Education Act requirements and is consistent with state and federal laws, rules, regulations, and legal requirements. The Charter School provides special education teachers that are responsible for monitoring student’s Individualized Education Plans (IEPs). In determining appropriate settings and services for a student with a disability, the IEP team considers the student’s needs and the variety of alternate placements and related services available to meet those needs. For all special education students, the Charter School develops, reviews, and revises IEPs in accordance with state and federal laws.

The Charter School also employs a Child Assistance Team (CAT), a problem-solving team consisting of teachers, administration, and educational specialists to problem-solve for students identified through the testing process and/or parental input as students not meeting Idaho Core Standards or the Idaho Early Learning Guidelines.

The CAT uses a problem-solving process to plan accommodations and interventions within the general education classroom to ensure that referrals to consider a special education evaluation are appropriate.

### Transportation

All students at the Charter School residing within the Idaho Falls School District are eligible for free bus transportation. Those students outside the Idaho Falls School District are required to find alternate transportation. The Charter School has a contract with Mustang Transportation, Inc. through the 2027-2028 school year. The Charter School provides strategically located group stops within the Idaho Falls School District.

### Median Income and Major Employers in Bonneville County

The Charter School is located in the City of Idaho Falls, Bonneville County, Idaho. Idaho Falls is located in the eastern part of the State and is approximately four hours east of Boise and three hours north of Salt Lake City, Utah. The tables on the following page illustrate the total per capita income (TPCI), median household income, and employment statistics for Idaho Falls, Bonneville County, and the State.

#### TPCI in Bonneville County and the State

Year	Bonneville County		State	
	Total Personal Income (\$ in Millions)	Per Capita Income	Real Personal Income (\$ in Millions)	Per Capita Income
2022	\$8,156	\$62,984	\$103,154	\$56,615
2021	7,909	61,768	103,498	54,141
2020	7,481	59,981	96,755	49,687
2019	6,862	56,468	86,931	45,917
2018	6,308	53,186	81,948	43,270
2017	5,660	48,678	75,744	41,218
2016	5,066	44,604	73,782	39,676

Source: U.S. Bureau of Economic Analysis.

#### Median Household Income in Bonneville County and the State

Year	Bonneville County	State
2022	\$74,505	\$72,634
2021	69,880	66,318
2020	67,294	62,603
2019	65,165	60,830
2018	60,444	55,524
2017	55,744	52,280
2016	59,293	51,647

Source: U.S. Bureau of Economic Analysis.

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### Major Employers in Bonneville County

<u>Employer</u>	<u>Industry</u>	<u>Range of Employees</u>
Bonneville Joint School District	Education	1,000 - 2,499
Eastern Idaho Regional Medical Center	Medical	1,000 - 2,499
Idaho Falls School District	Education	1,000 - 2,499
Wal-Mart Stores, Inc.	Retail	1,000 - 2,499
Melaleuca, Inc.	Call Center	1,000 - 2,499
City of Idaho Falls	Government	500-599
Bonneville County	Government	500-599
Has Inc.	Elderly Services	250-499
Idaho Falls Community Hospital, LLC	Medical	250-499
College of Eastern Idaho	Higher Education	250-499

Source: *Quarterly Census of Employment and Wage, Idaho Department of Labor (2022).*

Note: Only employers that have given the Idaho Department of Labor permission to release employment range data are listed.

### Job Force Statistics in Bonneville County

	<u>July 2023 to July 2024</u>		
	<u>2023</u>	<u>2024</u>	<u>(YoY % Change)</u>
Civilian Labor Force	65,324	67,437	3.2%
Employment	63,609	65,305	2.7%
Unemployed	1,715	2,132	24.3%
Unemployment Rate	2.6%	3.2%	0.6%
	<u>Annual Average Employment</u>		
<i>Supersector</i>	<u>2013</u>	<u>2022</u>	<u>2023</u>
Total Covered Wages	44,543	59,534	61,641
Natural Resources and Mining	422	523	560
Construction	2,298	4,044	4,306
Manufacturing	2,582	4,040	4,069
Trade, Transportation and Utilities	12,056	13,781	14,191
Information	910	553	594
Financial Activities	1,716	2,483	2,481
Professional and Business Services	4,894	6,780	6,549
Education and Health Services	10,827	16,231	17,145
Leisure and Hospitality	4,909	7,101	7,616
Other Services	1,413	1,536	1,568
Public Administration	2,516	2,462	2,562

Source: *Idaho Department of Labor – Quarterly Census of Employment Wages.*

### SERVICE AREA

The site of the Facilities is located in the City of Idaho Falls, Idaho. The site of the Facilities are located within the boundaries of the Primary Attendance Area and the market area for the Charter School. The Primary Attendance Area has an annual enrollment of approximately 25,936 students. The Charter School’s Primary Attendance Area matches the Idaho Falls School District, Bonneville School District, and Shelley School District’s attendance boundary. Every student attending the Charter School resides within the Primary Attendance Area. Per Idaho’s charter school laws, students residing outside the Charter School’s Primary Attendance Area are provided a lower enrollment preference in the Charter School’s annual enrollment lottery.

The table below shows the zip code areas of students who currently attend the Charter School; however, all students in the State are eligible to attend:

**Distribution of School Students by Zip Code**

<u>Zip Code</u>	<u># of students</u>
83404	147
83401	131
83402	81
83406	67
83274	27
Other <sup>(1)</sup>	25

*Note: Data is as of September 1, 2024.*

*<sup>(1)</sup>Consists of various zip codes that each include 4 or less students.*

*Source: The Borrower.*

**COMPETING SCHOOLS**

The following tables shows the competing elementary schools located in the Idaho Falls School District and the approximate distance of each from the Facilities:

**Public Schools – Middle/High Schools**

<u>School Name</u>	<u>Grades Served</u>	<u>Distance (miles) from the Facilities</u>
Idaho Falls High School	9-12	2.6
Emerson Alternative High School	9-12	2.9
Compass Academy	9-12	3.0
Taylorview Middle School	7-8	3.5
Skyline High School	9-12	4.5
Eagle Rock Middle School	7-8	4.7
Career Technical Education	9-12	4.9

*Source: The Borrower.*

**Charter and Private Schools**

<u>School Name</u>	<u>Grades Served</u>	<u>Distance (miles) from the Facilities</u>
White Pine Charter School	K-12	2.0
Acton Academy	K-12	3.0
Monticello Montessori Charter School	K-8	3.6
Taylor's Crossing Public Charter School	K-12	5.2
American Heritage Charter School	K-12	7.6

*Source: The Borrower.*

**ACADEMIC ACHIEVEMENT INDICATORS**

**Student Performance**

The Borrower administers the Idaho Standards Achievement Test (or “ISAT”) to assess student performance. As discussed further below, the Borrower’s students in grades 6-10 take the ISAT every spring as part of the statewide assessment. The PSAT is taken in 10th grade and the SAT is taken in 11th grade.

**Idaho Standard Achievement Test (ISAT) Results**

Pursuant to the requirements of the IDOE, the Borrower administers the ISAT, which measures proficiency in reading, language usage, and mathematics for grades 6 through 8 and proficiency in science for grade 8. The ISAT tests are administered, via computer, in the fall and again in the spring. The results from fall tests are not reported except to show “gain” from the fall to the spring. The results of the spring tests are reported as either “Below Basic,” “Basic,” “Proficient” or “Advanced” and are also used to comply with the ESSA (defined below).

The following tables provide information regarding the percentage of students tested during the annual spring tests whose results were at the “Proficient” level or above for the years shown. The Borrower expects ISAT results for the 2023-2024 school year to be available in October 2024.

**ISAT ELA – Language Reading Results 2021-2022 and 2022-2023 School Years –  
Percentage of Students Scoring Advanced/Proficient (At / Above Grade Level)**

Grade	2021-2022 School Year			2022-2023 School Year		
	Charter School	Idaho Falls School District	Statewide	Charter School	Idaho Falls School District	Statewide
6	61.0%	49.9%	53.0%	59.3%	47.7%	50.0%
7	68.0	53.0	58.0	60.0	55.0	53.9
8	62.0	51.0	54.0	68.0	45.8	51.7
High School	77.0	57.1	61.0	N/A	64.6	65.1

Source: The Borrower and IDOE.

**ISAT Math Results 2021-2022 and 2022-2023 School Years –  
Percentage of Students Scoring Advanced/Proficient (At / Above Grade Level)**

Grade	2021-2022 School Year			2022-2023 School Year		
	Charter School	Idaho Falls School District	Statewide	Charter School	Idaho Falls School District	Statewide
6	44.0%	43.2%	41.0%	40.9%	38.6%	39.3%
7	52.0	40.4	42.0	46.0	40.7	41.3
8	44.0	28.7	36.0	55.6	30.8	36.8
High School	46.0	29.0	33.0	42.9	31.2	34.7

Source: The Borrower and IDOE.

**ISAT Science Results 2021-2022 and 2022-2023 School Years –  
Percentage of Students Scoring Advanced/Proficient (At / Above Grade Level)**

Grade	2021-2022 School Year			2022-2023 School Year		
	Charter School	Idaho Falls School District	Statewide	Charter School	Idaho Falls School District	Statewide
8	55.0%	29.2%	41.0	66.1%	33.5%	41.4%
High School	N/A	33.5	37.7	44.0	34.9	39.8

Source: The Borrower and IDOE.

## Competing Schools Performance

The tables below reflect the comparative ISAT test scores of the following competing schools for the 2021-2022 and 2022-2023 school years:

### Competing Schools ISAT Results for All Grades for 2021-2022 and 2022-2023 School Years – Percentage of Students Scoring Advanced/Proficient (At / Above Grade Level)

School Name	2021-2022 School Year			2022-2023 School Year		
	Math	ELA	Science	Math	ELA	Science
Alturas International Academy	46.9%	63.3%	56.7%	46.7%	62.6%	61.8%
White Pine Charter	52.8	61.0	64.3	45.2	50.5	47.1
Monticello Montessori	31.9	38.0	<30.0	45.9	54.1	55.6
American Heritage	55.2	64.7	N/A	49.4	57.2	54.9

Source: IDOE.

## Compliance with Every Student Succeeds Act

On December 10, 2015, then President Obama signed into law the “Every Student Succeeds Act” (“ESSA”) which reauthorized new federal accountability provisions of Title I of the Elementary and Secondary Education Act (“ESEA”). In its most basic form, ESSA is a state regulated version of No Child Left Behind (“NCLB” the 2001 reauthorization of ESEA) but without the following NCLB components: Highly Qualified Teacher requirements (now left up to the States), Supplemental Education Service providers, and Adequate Yearly Progress. ESSA also marks a shift in authority away from the U.S. Secretary of Education to State Education Agencies.

This new law went into effect with the beginning of the 2016-2017 school year, as a transition year for states to obtain approval for the new federal accountability measures for data and achievement by student subgroups. Each State Education Agency (“SEA”) will be responsible for developing its own accountability system, and in consultation with its LEAs must implement a system of high-quality, yearly student academic assessments. In March, 2017 the United States Department of Education (the “USDOE”) posted a revised template for the Consolidated State Plan, requiring each SEA to submit its consolidated state plan by either April 3, 2017 or September 18, 2017. In August 2017, the IDOE and the State Board of Education approved the State’s final Consolidated State Plan, and it was submitted to USDOE on September 18, 2017. USDOE provided feedback on the State’s Consolidated State Plan, and the State Board of Education created a revised Consolidated State Plan that was approved by the governor on February 16, 2018. On March 29, 2018 it was announced that USDOE approved the State’s revised Consolidated State Plan. Several amendments to the Consolidated State Plan have since been approved by USDOE, including in 2019 and 2023. These amendments related to, among other things, criteria used to measure academic performance and school quality, standardized statewide entrance and exit procedures, and the methodology for identifying schools for targeted support and improvement due to underperforming subgroups.

## SAT and ACT Scores

*SAT.* 11th grade students at the Charter School take the SAT, a college-preparatory and college planning test, which is completely voluntary. The Borrower offered the SAT to students, free of charge for the 2023-2024 school year in the spring. This is a service the Borrower will continue to provide in the future as Idaho covers the costs of all 11th grade students to take the SAT. In Spring 2024, 41 11th graders took the SAT.

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### Average SAT Scores

	<b>Spring 2024 Class of 2024</b>
Meet Math Benchmark	44%
Meet Reading/Writing Benchmark	63
Meet Both	41
Mean Reading/Writing Score	536
Mean Math Score	516
Mean Total	1052

*Source: The Charter School's internal records.*

*ACT.* The ACT is a national college admissions examination that consists of subject area tests in: English, Mathematics, Reading, and Science, along with an optional Writing test. The State does not arrange for 11th grade students to take the ACT; nor does the State cover the cost of taking the ACT. Idaho 11th graders must register and pay for the ACT independently. Accordingly, a lower percentage of Idaho 11th graders take the ACT. Students at the Charter School do not take the ACT.

### Graduation Rate

In 2024, 9 of the 11 12<sup>th</sup> grade students graduated from the Charter School, receiving their Idaho Diploma. This was the Charter School's first graduating class. The table below sets forth the graduation rate of students at the Charter School for the 2023-2024 school year:

<b>Year of Graduation</b>	<b>Number of Students at School</b>	<b>School District Official Graduation Rate</b>	<b>State of Idaho Graduation Rate</b>
2024	437	82%	81%

*Source: IDOE and Charter School internal records*

### Post-Secondary

Graduating students from the Charter School's 12th grade in June 2024 matriculated are shown in the table below and on the following page:

<b>% of Students</b>	<b>Status</b>
44%	Attended four year colleges
11	Attended two-year colleges
33	Were undecided
11	Joined the military
11	Enrolled at out of State colleges

*Source: The Charter School's internal records.*

<b>Year of Graduation</b>	<b>Number of Students</b>	<b>Percent Graduating from HS with Associates of Arts</b>	<b>Average # of credits per graduate</b>	<b>\$ Scholarship Total</b>
2024	9	0%	11%	Undisclosed

*Source: The Charter School's internal records.*

The post-secondary colleges and universities (and military service) of recent graduating 12th grade students are shown in the chart below:

- Brigham Young University
- Idaho State University
- Brigham Young University – Idaho
- College of Eastern Idaho

### **BLUUM**

Bluum Inc. (“Bluum”) is a statewide, Boise-based education non-profit charter school support organization committed to ensuring Idaho’s children reach their fullest potential by cultivating great leaders and innovative schools. Bluum is funded by the J.A. and Kathryn Albertson Family Foundation (“JKAF”) and is the recipient of 2018 and 2023 U.S. Department of Education Charter School Program Start-Up grants (“CSP Grants”) totaling \$43,966,227. Bluum is also the recipient of a 2022 \$3,500,000 CSP Credit Enhancement grant award that Bluum is using to support future charter school facility projects. Between the CSP Grants and \$47,085,227 in JKAF philanthropic support (as well as grants from other local and national funders), since 2015 Bluum has funded 40 school openings or expansions and 25 Idaho New School Fellows in creating 17,822 new school seats across Idaho.

In addition to grant support, at no cost to the schools, Bluum’s team of experts provides partner charter schools across Idaho with technical assistance, talent recruitment and development support, and targeted help securing and financing facilities. For the 2024-2025 school year, Bluum entered technical assistance grant agreements with 36 partner schools committing to provide \$1,278,893 in technical assistance in the areas of academics, back-office/finance, MAP assessments, special education, Medicaid billing, facility financing, and strategic planning/governance.

Working with JKAF, Bluum supports high-performing and innovative school models that are committed to growing their efforts in Idaho. These models include startups opened by Idaho educators and innovators, replicators of high-performing schools, and homegrown charter management organizations. Bluum partners with schools that have proven themselves academically and operationally, have established student wait lists, and demonstrate excellence in their student performance. Bluum school partners have increased their efforts to serve the most educationally disadvantaged and rural students. Bluum provides support to school districts who embrace the possibility of transformative change for how learning and instruction are made available to students.

Bluum operates under the following values:

**WE BELIEVE** – A robust choice of learning opportunities helps children, families, and educators achieve more and do better.

**WE ARE COMMITTED** – To ensuring that Idaho’s children reach their fullest potential by cultivating great leaders, replicating high-performing school models, and taking risks to develop new approaches so all Idaho students have access to a great education.

**ABOUT BLUUM** – Bluum is a nonprofit organization helping Idaho become a national model for how to maximize learning outcomes for children and families.

Bluum strives to:

- Empower and support educational leaders who take risks and put children first;
- Grow and replicate high-impact school models;
- Develop and share effective practices;
- Provide school support and management help; and
- Demonstrate measurable impact program-wide and across individual partner schools.

**Bluum’s Board**

<b>Name</b>	<b>Title</b>	<b>Current Employer</b>
Toby Prehn	Co-Founder, Chairman	A10 Capital
Joe Bruno	Retired	Retired
Renita Thukral	Senior Advisor, Legal Affairs	National Alliance for Public Charter Schools
Joseph Forney	President and CEO	Cold Chain LLC
Todd Lindsey	Businessman, Owner	Boise Management
Marcia Aaron	Partner	Charter School Growth Fund
Conrad Freeman	Retired	Retired

**The Bluum Team**

<b>Name</b>	<b>Position</b>
Terry Ryan	Chief Executive Officer
Marc Carignan	Chief Financial Officer
Max Koltuv	Chief Academic Program Officer
Keith Donahue	Director of School Strategy and Operations
Jennifer Ribordy	Special Education Development Director
Mike Caldwell	Director of Academic Outreach and District Outreach
Amy Hukkinen	Director of Federal Grants and Support
Sarah Meskin	Director of Communications
Cory Campbell	Finance and Operations Manager
Annie Edwards	Finance and Operations Manager
Cole Skinner	Finance and Operations Manager
Lauren Tassos	Finance and Operations Manager
Natalia Miller	Accounts Payable Specialist
Desiree Rivera	Special Education Development Specialist
Yolanda Avendano	Medicaid Billing Specialist
Ashley Cotton	Director of Outreach and Organization

**Partnerships**

Bluum collaborates with JKAF to seek out, vet and support high-performing schools that are committed to and capable of expanding their efforts in Idaho. These school models include current Idaho-based charters and private schools that have proven themselves academically and operationally, have established student waitlists, and demonstrate excellence in their performance. Bluum also works to recruit top non-profit charter management organizations to Idaho, especially those committed to serving minority and at-risk students.

The following map identifies the school partners that are receiving, or have received, grant support directly from Bluum, or from JKAFF on the recommendation of Bluum. Some schools have also earned funds from the competitive Communities of Excellence Federal CSP Grant, managed by Bluum.

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### Financial Commitment

As shown in the table and diagram on the following page, since 2015, Bluum has facilitated \$86,315,274 in school support funding across Idaho. Included in this figure is a \$22,472,000 federal Charter School Program (CSP) grant Bluum received in 2018 as the lead member of Idaho's Communities of Excellence consortium. Bluum's CSP Communities of Excellence partners include the Idaho Public Charter School Commission, the Idaho Board of Education, Building Hope, and JKAF. To date, under Bluum's management and oversight, Idaho's CSP grant has provided \$20,392,682 to support the opening or expansion of 28 subgrantee charter schools.

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**Bluum Investment in Idaho Schools**

<b>Year</b>	<b>Investment Amount</b>	<b>Number of Schools Assisted</b>	<b>Total New School Seats</b>
2015	\$12,172,745	7	3,315
2016	3,025,000	4	1,338
2017	6,055,700	2	1,064
2018	11,234,220	4	2,544
2019	8,453,577	5	1,385
2020	9,450,000	6	2,342
2021	9,270,600	7	1,978
2022	3,765,040	5	819
2023	9,571,250	2	1,621
2024 <sup>(1)</sup>	13,317,142	8	1,416
<b>TOTALS</b>	<b>\$86,315,274</b>	<b>50</b>	<b>17,822</b>

<sup>(1)</sup> As of August 26, 2024.



## **Bluum Support Services Agreement**

Bluum team members and their areas of expertise are provided above. The Bluum team provides partner schools with additional services and technical assistance through annual in-kind (no cost) grant agreements. This technical assistance acts to share our team’s knowledge and experience with school leaders and boards as the schools launch and grow while also acting to protect Bluum’s financial investment. Prior to funding a school, and through the Technical Assistance Grant Agreements once a school is operating, the Bluum team helps schools evaluate the business of running a school by reviewing financial infrastructure and identifying areas of strength and areas for improvement. As schools launch and continue operations, the Bluum team offers support in the following areas: financial management, special education, communications, marketing, governance, real estate and facility financing, and academics. Bluum’s goal is to free school leaders to focus on their mission – educating kids. This Bluum technical assistance, like Bluum funding support, is weighted toward early-stage schools (Year 0 – Year 5) and is designed to taper as schools grow to scale and develop internal capacity and expertise. The Bluum team continues providing support to more mature partner schools on a more informal basis as the partner schools mature.

## **Bluum’s New School Fellowship Program**

Idaho is the nation’s fastest growing state. The supply of high-performing school seats is tight, and demographics are changing rapidly. Bluum’s New School Fellowship is a highly selective, paid one or two-year experience for innovative education leaders working to launch a new school. The Fellowship aims to transform education for Idaho’s neediest students by empowering educational leaders who are passionate about improving the prospects of children. Bluum recruits top education talent into the ranks of Idaho’s public school leadership. Fellows receive best-in-class leadership development through a consortium of Idaho based and national partners. Idaho-specific training is provided through Bluum and its local partners.

School leaders successfully completing a New School Fellowship are eligible to receive up to \$2.5 million in new school grant support from JKAF. Applications for this fellowship are currently by invitation only. To date, Bluum’s New School Fellowship has supported 33 educators to design, build, and launch high-performing public charter schools across Idaho. Bluum anticipates funding six additional Fellows over the next 3 years.

## **Alturas Preparatory Academy - Bluum Support**

Bluum, representing the J.A. and Kathryn Albertson Foundation, provided the Borrower a \$1,760,000 grant to help the Charter School with startup and growth. Idaho’s CSP program, managed by Bluum, provided \$800,000 of startup funds.

Bluum provides certain back office, special education, academic, branding and communications and governance support services to the Borrower pursuant to an In-Kind Support Grant Agreement (the “Bluum Agreement”). Bluum support services include but are not limited to: (i) back-office and financial management; (ii) special education consulting; (iii) professional development for school leaders and teachers; (iv) branding and communications; (v) real estate and facilities planning, and (vi) governance training. Bluum’s specific functions and services for the Borrower include, among others, human resources services, monthly payroll processing, revenue processing tasks, expenditure processing tasks, compliance review of expenditures of federal funds, assistance with cataloging high-dollar procurement bids, accounting services to include production of monthly and all other financial statements, financial audit support, monthly bank reconciliations, assistance with budget preparation, compliance reporting, special education systems quality review, new school launch services, participation in Bluum-led or presented professional development, brand development, digital presence coaching and assistance, and strategic planning. Pursuant to the Bluum Agreement, Bluum provides these services to the Borrower at no cost to the Borrower.

## **BUDGET, ACCOUNTING, DEBT**

### **CARES Act Funding**

As part of the CARES Act, the Governor’s Education Relief Fund (the “GEER Fund”) was established, whereby the U.S. Department of Education awards grants to Governors for the purpose of providing local educational agencies (“LEAs”) and other education-related entities with emergency assistance as a result of COVID-19. The CARES Act also established the Elementary and Secondary School Emergency Relief Fund (the “ESSER Fund”),

whereby the U.S. Department of Education awards grants to state education agencies, who in turn award sub-grants to schools that apply for funding. Lastly, the CARES Act established the Coronavirus Relief Fund (the “CRF”), which provides payments to State, Local, and Tribal Governments navigating the impact of the COVID-19 outbreak. The Borrower has been allocated and has expended \$533,089 combined from the ESSER Fund, GEER Fund and ESSER Grants by the State that are funded from the initial CARES Act funding

The table below summarizes the funding received by the Borrower under the various COVID-19 programs for schools and nonprofit organizations.

<u>Funding</u>	<u>Year</u>	<u>Amount</u>	<u>Purpose</u>	<u>Expend End</u>
ESSER II	FY21/FY22 Revenue	\$ 96,571	Learning loss recovery, expanding educational opportunities	09/30/2022
ESSER III	FY22/FY23/ FY24 Revenue	356,572	Learning loss recovery, expanding educational opportunities	09/30/2024
GEER Fund	FY21/FY22 Revenue	68,724	Staff retention	09/30/2022
ESSER IDEA	FY22	11,222	Supplemental Special Education Services	09/30/2022

Source: The Charter School.

## Historical Financial Data

### Balance Sheet – Governmental Funds

	<u>Audited</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Cash and Investments	\$1,857,392	\$1,897,145	\$1,613,508
Receivables:			
State sources	183,206	32,883	79,895
Federal sources	262,333	262,365	349,246
Prepaid Expenses	3,814	29,196	24,330
Due from other funds	199,778	189,794	143,463
<b>Total Assets</b>	<b><u>2,506,523</u></b>	<b><u>2,411,383</u></b>	<b><u>2,210,442</u></b>
<b>Liabilities</b>			
Accounts payable	\$124,576	\$250,489	\$16,803
Due to other funds	199,778	189,794	143,463
Salaries and benefits payable	290,910	235,855	285,288
Unspent grant allocation	62,555	72,571	205,783
<b>Total Liabilities</b>	<b><u>677,819</u></b>	<b><u>748,709</u></b>	<b><u>651,337</u></b>
<b>Fund Balances</b>			
Nonspendable	3,814	29,196	24,330
Restricted:	-	-	-
Special Programs	43,150	3,557	8,119
Unassigned	1,781,740	1,629,921	1,526,656
<b>Total Fund Balances</b>	<b><u>1,828,704</u></b>	<b><u>1,662,674</u></b>	<b><u>1,559,105</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$2,506,523</u></b>	<b><u>\$2,411,383</u></b>	<b><u>\$2,210,442</u></b>

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

	<b>Audited</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<i>Revenues</i>			
Local Revenue	\$ 550,784	\$ 424,399	\$1,267,837
State Revenue	4,072,729	3,185,001	2,549,465
Federal Revenue	199,779	281,325	1,140,422
<b>Total Revenues</b>	<b>4,823,292</b>	<b>3,890,725</b>	<b>4,957,724</b>
<i>Expenditures</i>			
Instructional programs	2,640,922	2,209,140	2,390,972
Supportive Service programs	1,931,567	1,539,769	990,603
Non-Instructional programs	84,773	38,247	3,432,692
<b>Total Expenses<sup>(1)</sup></b>	<b>4,657,262</b>	<b>3,787,156</b>	<b>6,814,267</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>166,030</b>	<b>103,569</b>	<b>(1,856,543)</b>
<b>Other Financing Source (Uses)</b>			
Proceeds from Lease	-	-	<b>3,415,648</b>
Transfers In	<b>54,629</b>	<b>52,083</b>	<b>55,236</b>
Transfers Out	<b>(54,629)</b>	<b>(52,083)</b>	<b>(55,236)</b>
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>3,415,648</b>
<b>Net Change in Fund Balances</b>	<b>166,030</b>	<b>103,569</b>	<b>1,559,105</b>
<b>Fund Balances – Beginning</b>	<b>1,662,674</b>	<b>1,559,105</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$1,828,704</b>	<b>\$1,662,674</b>	<b>\$1,559,105</b>

<sup>(1)</sup> FY22 includes \$3,425,648 in Capital Outlays related to completion of the Existing Facilities.

Below is a table reflecting certain history financial metrics of the Borrower the past three years.

**Historical Financial Metrics**

	<b>Audited</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Total Revenues	\$4,823,292	\$3,890,725	\$4,957,724
Total Expenditures	4,657,262	3,787,156	6,814,267
<b>Excess Revenues Over Expenditures</b>	<b>166,030</b>	<b>103,569</b>	<b>(1,856,543)</b>
<b><i>Days Cash on Hand</i></b>			
Cash and Investments	1,857,392	1,897,145	1,613,508
Expenditures (ex. Capital Outlay)	4,657,262	3,787,156	3,398,619
<b>Days Cash on hand</b>	<b>146</b>	<b>183</b>	<b>173</b>
<b><i>Coverage</i></b>			
Excess of Revenues Over Expenditures	166,030	103,569	(1,856,543)
Lease	793,540	729,796	325,584
Capital Outlay	0	0	3,415,648
<b>Available for Debt Service/Lease</b>	<b>959,570</b>	<b>833,365</b>	<b>1,884,689</b>
Lease	793,540	729,796	325,584
<b>Lease Adjusted Coverage</b>	<b>1.21x</b>	<b>1.14x</b>	<b>5.79x</b>
<b>Operating Margin</b>	<b>19.89%</b>	<b>21.42%</b>	<b>38.02%</b>



## **Other Revenues**

The Borrower applies for and receives grants from various sources from time to time, which have been utilized to fund certain projects for the Charter School, such as an outdoor playground, and to offset general costs and expenses.

## **Fundraising**

The Borrower relies upon the efforts of its Board, administration, and the Parent-Faculty Administration to develop regular fundraising efforts. For example, during the 2024 school year, the Charter School raised approximately \$22,000 to put towards after school programs and extracurricular activities. The Charter School also holds regular fundraising events, such as book fairs and golf outings, to raise money for the Charter School.

## **Funding Decrease**

As a result of COVID-19, the State immediately implemented a 1% hold back beginning in the 2019-2020 fiscal year budget. Idaho Governor Brad Little's plan for the 2020-2021 fiscal year budget included a 5% hold back in State education funding from the previously near-five percent (5%) increase approved by the State Legislature. For fiscal year 2023-2024 through fiscal year 2024-2025, the Borrower has assumed a 3% increase in overall State Educational Funding, under the assumption that State revenues continue to be robust, and a second significant COVID-19 related outbreak does not take place in the near future. However, the amount of State funding received in future years is uncertain and subject to a combination of factors outside of the control of the Borrower. See "RISK FACTORS" in this Official Statement.

## **Audit**

Under the Charter Contract, the Borrower is required to conduct annual financial audits. The Borrower's financial statements for the Fiscal Year ended June 30, 2024 are included in "APPENDIX C – AUDITED FINANCIAL STATEMENTS OF THE BORROWER FOR THE FISCAL YEAR ENDED JUNE 30, 2024" in this Official Statement.

## **Employee Retirement Plan**

Employees of the Borrower participate in the Public Employee Retirement System of Idaho ("PERSI"). The Borrower contributes to PERSI at the rates established by the Idaho Legislature. See "Note F – Pension Plan" in the Borrower's audited financial statements attached to the Official Statement as APPENDIX C.

## **Insurance**

The Borrower will maintain insurance coverage related to property, casualty and liability claims that is comparable to insurance coverage maintained by other Idaho public schools and as required in the Charter Contract.

## **No Existing Debt Obligations of the Borrower**

The Borrower does not have any existing debt obligations.

## **NO LITIGATION**

No action, suit proceeding, or investigation at law or in equity, before or by any court, any governmental agency, or any public board or body is pending or, to the best of the Borrower's knowledge, threatened, affecting the validity of the Indenture, the Loan Agreement, the Deed of Trust, the Bond Purchase Agreement, the Borrower Continuing Disclosure Agreement, or the Series 2024 Bonds, or contesting the corporate existence or powers of the Borrower. There is presently no material litigation pending or, to the best of the Borrower's officers' knowledge, overtly threatened against the Borrower.

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**APPENDIX B**

**CHARTER SCHOOLS IN IDAHO**

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## APPENDIX B

### CHARTER SCHOOLS IN IDAHO

This Appendix summarizes certain provisions of Idaho charter school law. This Appendix provides a summary only and is for informational purposes only. Potential investors should refer to and independently evaluate applicable provisions of the charter school law in their entirety, with assistance from counsel as necessary, for a complete understanding of their terms. Further, potential investors should note that the provisions summarized below are subject to change, and this summary only pertains to certain aspects of currently existing law. See “RISK FACTORS – Future Changes to Charter School Laws” in this Official Statement.

#### Introduction

The Idaho legislature established public charter schools to provide opportunities for teachers, parents, students and community members to establish and maintain schools which operate independently from the existing traditional school district structure. The Idaho Public Charter Schools Act of 1998 (“the 1998 Act”) was enacted to improve student learning, increase learning opportunities and expand learning experiences for students, include the use of different and innovative teaching methods, utilize virtual distance learning and online learning, create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site, provide parents and students with expanded choices in the types of educational opportunities that are available within the traditional public school system and to hold schools accountable for meeting measurable student educational standards. On February 27, 2024, the 1998 Act was largely repealed and replaced with the “Accelerating Public Charter Schools Act” (the “Public Charter Schools Act”) which kept some of the same provisions as the original 1998 Act but was intended to provide more administrative and educational efficiencies with Idaho’s growing charter school system. In Idaho a charter school may be authorized by either the local school district board of trustees of the district in which the charter school will be located, a public college, university or community college, a private, non-profit Idaho-based nonsectarian college or university that is accredited by the same organization that accredits Idaho public colleges and universities or, in certain circumstances, by the Idaho Public Charter School Commission (each an “Authorized Chartering Entity”).

Various statutory provisions and administrative rules govern the creation, operation and financing of charter schools in Idaho. These provisions, which are described further below, derive from the Public Charter Schools Act, the Idaho State Board of Education Rules, and certain portions of Title 33 of the Idaho Code relating to education funding; specifically:

- The *Accelerating Public Charter Schools Act*, Idaho Code §§33-5201, *et seq.*, which includes, among others, provisions regarding the legal status and powers of charter schools including their ability to borrow money and use property as collateral; the charter application process; requirements for charter schools, revocation of a charter, and funding for charter schools.
- *Idaho State Board of Education Rules*, IDAPA §08.02.04 (Rules Governing Charter Schools) and §08.03.01 (Rules of the Public Charter School Commission) promulgated by the Idaho State Board of Education (“Board”) which discuss additional rules regarding the operation of the Public Charter School Commission and the governance by the Board of Education of Charter Schools including formation, oversight and termination of charter schools.

Certain provisions from these legal authorities applicable to charter schools are summarized below.

#### **Public Charter Schools Act (Idaho Code §§33-5201, *et seq.*)**

##### **Approval of Public Charter Schools (Idaho Code §33-5203)**

No whole school district may be converted to a charter district or any configuration that includes all schools as public charter schools. To begin operations, a newly chartered public school must be authorized by no later than January 1 of the previous school year, unless the authorizer agrees to a later date. Any authorizer may approve a public charter school formed by creating a new public charter school or by replicating an existing public charter school. Converting an existing traditional public school to a public charter school may only be approved by the board of

trustees of the school district in which the existing public school is located. Private or parochial schools cannot be converted to public charter schools under this section.

#### **Nonprofit Corporation – Liability – Insurance (Idaho Code §33-5204)**

Public charter schools shall be organized and managed pursuant to the Idaho nonprofit corporation act (Idaho Code title 30, chapter 30). The board of directors of a public charter school shall be deemed public agents authorized to operate and control the public charter school.

A public charter school created pursuant to this chapter is deemed a governmental entity. Pursuant to the provisions of section the Idaho Code, sales to or purchases by a public charter school are exempt from payment of the sales and use tax and property belonging to a public charter school is exempt from taxation. Applicable Idaho anti-bribery, corruption and professional standards laws shall apply to all employees and board members of the public charter school. Charter holders shall adopt a policy consistent with applicable Idaho law regarding the hiring of family members to avoid any nepotism in hiring and supervision.

While a public charter school may sue or be sued, may purchase, receive, hold, and convey real and personal property for school purposes, and may borrow money for such purposes to the same extent and on the same conditions as a traditional public school district, and its employees, directors, and officers shall enjoy the same immunities as employees, directors, and officers of traditional public school districts and other public schools. The authorizer that approves a public school charter has no liability for the acts, omissions, debts, or other obligations of a public charter school, except as may be provided in the charter. A local public school district has no liability for the acts, omissions, debts, or other obligations of a public charter school located in its district that has been approved by an authorizer other than the board of trustees of the local school district.

Nothing in this chapter prevents the charter holder from borrowing money to finance the purchase or lease of school building facilities, equipment, and furnishings, or from using the facility or its equipment and furnishings as collateral for a loan. Public charter schools shall secure insurance for liability and property loss. The receiving, soliciting, or acceptance of moneys of a public charter school for deposit in any bank or trust company or the lending of moneys by any bank or trust company to any public charter school shall not be deemed to be a contract or other transaction pertaining to the maintenance or conduct of a public charter school and authorizer within the meaning of this section; nor shall the payment of compensation by any public charter school board of directors to any bank or trust company for services rendered in the transaction of any banking business with such public charter school board of directors be deemed the payment of any reward or compensation to any officer or director of any such bank or trust company within the meaning of this section. Each charter holder shall adopt a policy consistent with applicable law regarding the hiring of family members, to avoid any nepotism in hiring and supervision. The policy shall require, among other things, a disclosure to the board of any potential nepotism in hiring and supervision. Any party with such a conflict shall not be involved in the hiring decision or supervision of a potential employee.

#### **Application to Establish a Public Charter School – Hearing – Application Decision – Appeal Procedure – Term. (Idaho Code §33-5205)**

A public charter school application may be submitted to only one (1) authorizer at a time. However, denied applications can be resubmitted. Authorizers shall develop a transparent application process to establish a new public charter school. The application shall require applicants to provide descriptions of the following key features of the prospective public charter school:

- (i) The educational program, including educational philosophy, student academic proficiency and growth standards, measurement methods, any mission-specific standards that may be unique to the school, and strategies for meeting the needs of specific student populations, including English language learners, at-risk students, and special education or gifted and talented students;
- (ii) The financial and facilities plan with a pre-opening budget, three (3) year operating budget, break-even analysis and cash flow projection, evidence of existing and anticipated funds, and projected facility costs;

- (iii) Board capacity and governance structure, including copies of the articles of incorporation and corporate bylaws;
- (iv) Student demand and primary attendance area, including a description of the population of students the proposed school intends to serve and the target enrollment by grade level; and
- (v) Use of educational service providers, including the contracts, fees and terms, and recent contracts that the entity has executed with other charter schools.

No later than ninety (90) days after an application is submitted, and after a hearing, the authorizer shall decide to approve or deny the charter application, unless the applicant agrees to a later date. The authorizer shall adopt by resolution all charter approval or denial decisions in an open meeting of the authorizer's governing board and, in the case of a denial, include all reasons for denial in the resolution adopted by the governing board. A written order shall be provided for a rejected application with a 30-day window to appeal to the office of administrative hearings.

An approved initial charter shall be granted for a term of six (6) operating years. The charter shall include the beginning and ending dates of the charter term. An approved school may delay its opening for one (1) school year to plan and prepare for the school's opening. A delay greater than one (1) school year requires an extension from the school's authorizer. In order to incubate innovative charter schools, an authorizer may instead grant a pilot charter with an initial term of three (3) operating years to test an innovative or novel model. This pilot charter shall be used in limited instances and the authorizer must provide sufficient documentation to justify the shorter term.

#### **Transfer of Charter (Idaho Code §33-5205A)**

A charter may be transferred to, and placed under the chartering authority of, any authorizer if the receiving authorizer and the charter holder agree to such transfer. The receiving authorizer and charter holder may agree to revisions to the charter and performance certificate as required by such transfer.

#### **Performance Based Accountability (Idaho Code §33-5205B)**

Within seventy-five (75) days of approval of a charter application, the authorizer and the charter holder shall negotiate and execute a performance certificate that clearly sets forth the agreed-upon academic and operational performance expectations and measures, consistent with those outlined by the public charter school in its application. The performance expectations and measures set forth in the performance certificate shall include student academic proficiency, student academic growth, college and career readiness (for high schools), the actual and potential at-risk and economically disadvantaged makeup of the student body population for all grade levels, and board performance and stewardship, including compliance with all applicable laws, regulations, and terms of the performance certificate.

The performance certificate shall be signed by the designated representatives of the authorizer's governing board and the charter holder. No public charter school may commence operations without an executed performance certificate.

An authorizer shall continually monitor the performance and legal compliance of the public charter schools it oversees, including collecting and analyzing data, and may conduct prearranged site visits, if needed, to support ongoing evaluation according to the performance certificate. Every authorizer shall have the authority to conduct oversight activities that enable the authorizer to fulfill its responsibilities, including conducting appropriate inquiries and investigations, as long as those activities are consistent with the intent of this chapter and do not unduly inhibit the autonomy granted to public charter schools. If an authorizer has reason to believe that a charter holder or public charter school has violated any provision of law, it shall notify the charter holder and the entity responsible for administering said law of the possible violation.

A charter holder or the authorizer may enter into negotiations to revise a charter or performance certificate at any time. If a charter holder applies to revise its charter or performance certificate, the authorizer's review of the application shall be limited in scope solely to the proposed revisions.

The charter holder shall be responsible for promptly notifying the authorizer of the following with appropriate documentation: (i) if the charter holder becomes aware that the school is not operating in substantial compliance with

the terms and conditions of its performance certificate, (ii) if any revisions or amendments are made to the articles of incorporation or bylaws, (iii) if the school’s accrediting body finds that the school has failed to meet or maintain full accreditation requirements, (iv) if any complaints are filed against the school, including but not limited to lawsuits and complaints filed with the Idaho professional standards commission relating to school employees, (v) if there are changes to any school board members or their contact information, or (vi) if there are any early warning signs of distress as outlined in the performance certificate, including any excessive reductions in enrollment of all students or at-risk students, excessive staff turnover, or excessive governance board turnover of the charter holder in any school year or between school years.

**Charter School Replication (Idaho Code § 33-5205C)**

A public charter school that has successfully completed at least one (1) renewal without condition may apply for fast-tracked replication. Fast-tracked replication must have the same operational model and serve the same grades, or a subset of the same grades, as the school being replicated. Application procedures shall be simplified and approval timing shall be fast-tracked (within 45 days) unless the applicant agrees to a later date.

**Requirements for Operating a Public Charter School (Idaho Code § 33-5206)**

A public charter school shall be nonsectarian, shall not charge tuition and shall not discriminate against any student on any basis prohibited by the federal or state constitution or any federal, state, or local law. Public charter schools shall comply with the federal individuals with disabilities education act. Admission to a public charter school shall not be determined according to the place of residence of the student. Charter school administrators may be certified pursuant to Idaho law pertaining to traditional public schools or by holding a charter school administrator certificate, which requires, among other things, that the administrator meet certain criteria such as holding a college degree, submitting to a criminal background check and completing requisite coursework. A charter school administrator certificate is valid for five years and renewable thereafter. Administrators shall be subject to oversight by the professional standards commission and certificates are subject to revocation. Similarly, charter school teachers can be certified pursuant to Idaho law pertaining to traditional public school districts or by holding a charter school-specific teaching certificate, which requires, among other things, that the teacher meet certain criteria such as holding a college degree and completing other specialized training requirements. Subject to the provisions of this section, public charter schools may contract with educational services providers.

Subject to certain exceptions as provided in this section, admission procedures, including provision for over-enrollment, shall provide that the initial admission procedures for a public charter school will be determined by lottery or other random method. A charter holder shall strive to ensure that citizens in the primary attendance area are made aware of the enrollment opportunities and deadline. The public notice must include the enrollment deadline, the public charter school’s total enrollment capacity for the next school year, and an advisory that all prospective students will be given the opportunity to enroll in the public charter school regardless of race, color, national origin, ethnicity, religion, gender, socioeconomic status, or special needs.

**Public Charter School Financial Support (Idaho Code § 33-5207)**

See below in this Appendix B following the heading “State Funding for Charter Schools.”

**Charter School Renewals (Idaho Code § 33-5209A)**

A charter may be renewed for successive terms. An authorizer may grant renewal with specific written conditions for necessary improvements to a public charter school and a date by which the conditions must be met.

No later than September 1, the authorizer shall issue a public charter school performance report and charter renewal application guidance to any charter holder with a public charter school whose charter will expire the following year. The performance report shall summarize the public charter school’s performance record to date, based on the performance certificate, and shall provide notice of any weaknesses or concerns that may jeopardize renewal, if not timely rectified. The charter holder shall have thirty (30) days to respond to the performance report and submit any corrections or clarifications for the report. The renewal application guidance shall include or refer explicitly to the criteria that will guide the authorizer’s renewal decisions, which shall be based on independent fiscal audits and the performance framework set forth in the performance certificate.



No later than December 15, the charter holder seeking renewal shall submit a renewal application to the authorizer pursuant to the renewal application guidance issued by the authorizer. The authorizer shall vote on the renewal application no later than March 15; if the authorizer does not vote by March 15, the application shall be deemed approved. In making charter renewal decisions, every authorizer shall, among other things, provide a public report summarizing the evidence basis for each decision.

An authorizer shall renew any charter in which the public charter school met all of the terms of its performance certificate at the time of renewal for a term of twelve (12) years or, in the case of a pilot charter, a renewal term of six (6) years. An authorizer may renew for a six (6) year term or choose not to renew any charter in which the public charter school failed to meet one (1) or more of the terms of its performance certificate. If an authorizer takes no action on a renewal, the charter shall be provisionally renewed until such time as the chartering entity takes action. A decision not to renew a charter or to deny a revision of a charter may be appealed to the office of administrative hearings and is subject to judicial review.

#### **Revocation of a Charter (Idaho Code § 33-5209C)**

A charter may be revoked by the authorizer if, after fair and specific notice from the authorizer, the public charter school:

- (a) Commits a material and substantial violation of any of the terms, conditions, standards, or procedures required by this chapter or the performance certificate;
- (b) Fails to meet generally accepted standards for fiscal management; or
- (c) Substantially violates any material provision of law from which the public charter school was not exempted.

Revocation may not occur until the charter holder has been afforded a public hearing, unless the authorizer determines that the continued operation of the public charter school presents an imminent public safety issue, in which case the charter may be revoked immediately. If an authorizer revokes a charter, the authorizer in a resolution of its governing body shall clearly state the reasons for the revocation. The authorizer shall take into consideration whether the charter school has been enrolled in the Idaho building capacity program and any progress reported by the state department of education. Within fourteen (14) days of taking action to revoke a charter, the authorizer shall report to the state board of education the action taken and shall provide a copy of the report to the charter holder at the same time, which revocation is subject to appeal.

#### **Application of School Law – Exemption from State Rules (Idaho Code §33-5210)**

All public charter schools are under the general supervision of the state board of education. Each public charter school shall comply with specified financial reporting requirements in the same manner as those requirements are imposed upon school districts and shall comply with laws governing safety, including preparation of an annual statement of financial condition within 120 days of the last day of the school's fiscal year.

Other than as specified in this section, each public charter school is exempt from rules governing school districts promulgated by the state board of education, with the exception of state rules relating to:

- (a) Teacher certification as necessitated by the provisions of section 33-5206, Idaho Code;
- (b) Accreditation of the school as necessitated by the provisions of section 33-119, Idaho Code;
- (c) Qualifications of a student for attendance at an alternative school as necessitated by the provisions of section 33-5207, Idaho Code; and
- (d) Rules promulgated pursuant to section 33-1612, Idaho Code.

### **Technical Support and Information (Idaho Code § 33-5211)**

Upon request, the state department of education shall provide technical assistance to persons or authorizers preparing or reviewing charter applications or performance certificates and to existing public charter schools in the same manner as such assistance is provided to traditional public schools and school districts.

### **School Closure and Dissolution (Idaho Code § 33-5212)**

Authorizers shall have a public charter school closure protocol to ensure timely notification to parents, orderly transition of students and student records to new schools, and proper disposition of school funds, property, and assets in accordance with the Public Charter Schools Act.

In the event of a public charter school closure, the assets of the school shall be distributed first to satisfy outstanding payroll obligations for employees of the school, including any tax, public employee retirement system, and other employee benefit obligations, then to creditors of the school, and then to the authorizer in the case of a public charter school authorized by the board of a local school district. In the case of a public charter school authorized by any other authorizer, any remaining assets shall be distributed to the public school income fund. Assets purchased using federal funds shall be returned to the authorizer for redistribution among other public charter schools. If the assets of the school are insufficient to pay all parties to whom the school owes compensation, the prioritization of the distribution of assets may be determined by decree of a court of law.

### **Public Charter School Commission (Idaho Code § 33-5213)**

There exists an independent public charter school commission under the state board of education. The commission is authorized to appoint a director, acting at the direction of the commission, to administer and enforce the provisions of the Public Charter Schools Act and to foster and support charter schools through effective partnerships with other state agencies.

The public charter school commission shall adopt policies regarding the governance and administration of the commission, shall be composed of seven (7) members appointed by the governor, subject to the advice and consent of the senate, the term of office for commission members shall be four (4) years, all members of the commission shall be citizens of the United States and residents of the state of Idaho for no less than two (2) years, and the members of the commission shall elect a chair and a vice chair every two (2) years, among other things.

### **Public Charter School Authorizers Fund (Idaho Code § 33-5214)**

This section creates and establishes a state treasury fund to be known as the public charter school authorizers fund. All authorizer fees paid for public charter schools under the governance of the public charter school commission shall be deposited in this fund and be subject to appropriation.

### **State Funding for Charter Schools**

Idaho's charter schools are funded based on the same funding formulas and legislative appropriations as traditional public schools in Idaho. The components for funding include:

- general education support entitlement;
- salary and benefit apportionment funding;
- public transportation reimbursement; and
- limited categorical funding on a year by year basis.

The source of the funding includes state education appropriations, the Idaho Lottery, the federal government, fundraising, and other sources. Funding for a charter school is provided directly from the Idaho State Department of Education (the "Department") to each charter school as if it were a school district under the Idaho Code. The following is an overview of certain provisions relevant to charter school funding under Idaho State law.

## **Public Charter School Financial Support (Idaho Code § 33-5207)**

Except as otherwise provided for, the state department of education shall make the following apportionment to each charter school for each fiscal year based on attendance figures submitted in a manner and time as required by the state department of education.

(2) *Per student support.* Computation of support units for each public charter school shall be calculated as if it were a separate school according to the schedules in section 33-1002(4), Idaho Code, except that public charter schools with fewer than one hundred (100) secondary ADA shall use a divisor of twelve (12) and the minimum units shall not apply. No public charter school shall receive an increase in support units that exceeds the support units it received in the prior year by more than forty (40), except in cases of state declared emergencies that have been approved by the authorizer as having an impact on public education. Funding from the state educational support program shall be equal to the total distribution factor, plus the salary-based apportionment provided in chapter 10, title 33, Idaho Code. Provided, however, any public charter school that is formed by the conversion of an existing traditional public school shall be assigned divisors, pursuant to section 33-1002, Idaho Code, that are no lower than the divisors of the school district in which the traditional public school is located, for each category of pupils listed.

(3) *Special education.* For each student enrolled in the public charter school who is entitled to special education services, the public charter school shall receive the state and federal funds from the exceptional child education program for that student that would have been apportioned to the school district in which the public charter school is located.

(4) *Alternative school support.* Public charter schools may qualify under the provisions of sections 33-1002 and 33-1002C, Idaho Code, provided the public charter school meets the necessary statutory requirements and students qualify for attendance at an alternative school as provided by rule of the state board of education.

(5) *Transportation support.* Support shall be paid to the public charter school as provided in chapter 15, title 33, Idaho Code, and section 33-1006, Idaho Code. Each public charter school shall furnish the department with an enrollment count as of the first Friday in November of public charter school students who are eligible for reimbursement of transportation costs under the provisions of this subsection and who reside more than one and one-half (1 1/2) miles from the school. The state department of education is authorized to include in the annual appropriation to the charter school sixty percent (60%) of the estimated transportation cost. The final appropriation payment in July shall reflect reimbursements of actual costs pursuant to section 33-1006, Idaho Code. To be eligible for state reimbursement under the provisions of section 33-1006, Idaho Code, the student to be transported must reside within the public charter school's primary attendance area and must meet at least one (1) of the following criteria:

(a) The student resides within the school district in which the public charter school is physically located; or

(b) The student resides within fifteen (15) miles by road of the public charter school. The limitations placed by this subsection on the reimbursement of transportation costs for certain students shall not apply to public virtual schools.

(6) *Facilities funds.*

(a) The state department of education shall distribute facilities funds to public charter schools for each enrolled student in which a majority of the student's instruction is received at a facility that is owned or leased by the public charter school. Such funds shall be used to defray the costs associated with payments for real property used by the students or employees of the public charter school for educational or administrative purposes. Such funds shall be distributed from the moneys appropriated to the educational support program and shall be calculated as fifty percent (50%) of the statewide average amount of bond and plant facility funds levied per student by Idaho school districts.

(b) For those public charter schools that do not receive facilities funds for all enrolled students, the school may submit to the state department of education a reimbursement claim for any costs for which facilities funds may be used. The state department of education shall reduce such claim by the greater of fifty percent (50%) or the percentage of the school's enrolled students for which the school receives facilities

funds and shall pay the balance. Provided, however, that the total reimbursements paid to a public charter school, in combination with any facilities stipend received by the school, shall not exceed the amount of facilities funds that would have been received by the school had the school received facilities funds for all enrolled students.

(7) *Payment schedule.* The state department of education is authorized to make an advance payment of twenty-five percent (25%) of a public charter school’s estimated annual apportionment for its first year of operation, and each year thereafter, provided the public charter school is serving more grades or at least ten percent (10%) more classes than the previous year, to assist the school with initial start-up costs or payroll obligations. For a public charter school entering at least its second year of operation, the state department of education may require documentation establishing the need for such an advance payment, including comparative class schedules and proof of a commensurate increase in the number of employees.

If an authorizer has reason to believe that a public charter school cannot remain fiscally sound for the remainder of its certificate term, it shall provide the state department of education with written notification of such concern. Upon receiving such notification, the state department of education shall have the authority to modify the percentage of the total appropriation to be paid to the public charter school.

**Idaho Code § 33–1002(6)(b)**

Pursuant to section 33–1002(6)(b), a charter school’s share of the total educational apportionment from the State is equal to the charter school’s “Support Units,” as calculated below, carried out to the nearest hundredth, multiplied by the State Distribution Factor (as annually determined by the Idaho State Appropriations Bill) plus the amount of approved programs for which the charter school is qualified to receive. However, pursuant to section 33–1002(6)(d), the contract salary of every noncertified teacher must be subtracted from the charter school’s total educational apportionment.

The following illustrates the funding formula for Idaho Schools:

<b>TABLE B–1: FORMULA FOR CALCULATING PUBLIC EDUCATION FUNDING</b>				
Foundation Support or Total Educational Apportionment	=	Distribution Factor (rate determined by Legislature) multiplied by	Support Units (as calculated per statutory tables)	+ <ul style="list-style-type: none"> <li>• Salary Based Apportionment (including Benefit Apportionment)</li> <li>• Transportation Support Programs</li> <li>• \$300.00 per Support Unit for Safe Environment Allowance</li> <li>• Other funding programs for which the Borrower is entitled</li> <li>• Other additional administrative amounts as appropriated on a year by year basis</li> </ul>

**Calculation of Support Units (Idaho Code §§33-1002)**

The total State support units (“Support Units”) is determined per the tables below:

<b>TABLE B–2: COMPUTATION OF KINDERGARTEN SUPPORT UNITS</b>		
Average Daily Attendance	Attendance Divisor	Units Allowed
41 or more	40	1 or more as computed
31–40.99	–	1
26–30.99	–	.85
21–25.99	–	.75
16 – 20.99	–	.6
8 – 15.99	–	.5
1–7.99	–	Count as elementary

**TABLE B-3:  
COMPUTATION OF ELEMENTARY SUPPORT UNITS**

Average Daily Attendance	Attendance Divisor	Minimum Units Allowed
300 or more ADA		15
	23 for grades 4, 5 &6	
	20 for grades 1,2 &3	
	And each year thereafter	
160 to 299.99	20	8.4
110 to 159.99	19	6.8
71.1 to 109.99	16	4.7
51.7 to 71.0	15	4.0
33.6 to 51.6	13	2.8
16.6 to 33.5	12	1.4
1.0 to 16.5	N/A	1

**TABLE B-4:  
COMPUTATION OF SECONDARY SUPPORT UNITS**

Average Daily Attendance	Attendance Divisor	Minimum Units Allowed
750 or More	18.5	47
400 to 749.99	16	28
300 to 399.99	14.5	22
200 to 299.99	13.5	17
100 to 199.99	12	9
99 or fewer	Units allowed as follows:	
Grades 7-12		8
Grades 9-12		6
Grades 7-9		1 per 14 ADA
Grades 7-8		1 per 16 ADA

**TABLE B-5:  
COMPUTATION OF EXCEPTIONAL EDUCATION SUPPORT UNITS**

Average Daily Attendance	Attendance Divisor	Minimum Units Allowed
14 or more	14.5	1 or more as computed
12 to 13.99	-	1
8 to 11.99	-	.75
4 to 7.99	-	.5
1 to 3.99	-	.25

**TABLE B-6:  
COMPUTATION OF ALTERNATIVE SCHOOL SUPPORT UNITS**

Pupils in Attendance	Attendance Divisor	Minimum Units Allowed
12 or more	12	1 or more as computed

In applying these tables to any given separate attendance unit, no school district shall receive less total money than it would receive if it had a lesser average daily attendance in such separate attendance unit. In applying the kindergarten table to a kindergarten program of fewer days than a full school year, the support unit allowance shall be in ratio to the number of days of a full school year. The attendance of students attending an alternative school in a school district reporting fewer than one hundred (100) secondary students in average daily attendance shall not be assigned to the alternative table if the student is from a school district reporting fewer than one hundred (100) secondary students in average daily attendance, but shall instead be assigned to the secondary table of the school

district in which they are attending the alternative school, unless the alternative school in question serves students from multiple districts reporting fewer than one hundred (100) secondary students in average daily attendance. The tables for exceptional education and alternative school support units shall be applicable only for programs approved by the state department of education following rules established by the state board of education. Moneys generated from computation of support units for alternative schools shall be utilized for alternative school programs. School district administrative and facility costs may be included as part of the alternative school expenditures.

The number of Support Units for each charter school is determined as follows:

1. Divide the actual average daily attendance, excluding students approved for inclusion in the exceptional child educational program, for the administrative schools and each of the separate schools and attendance units by the appropriate divisor from the tables of support units in this section, then add the quotients to obtain the district's support units allowance for regular students, kindergarten through grade 12 including alternative school students. Calculations in application of this subsection shall be carried out to the nearest hundredth.

2. Divide the combined totals of the average daily attendance of all preschool, kindergarten, elementary, secondary, juvenile detention center students and students with disabilities approved for inclusion in the exceptional child program of the district by the appropriate divisor from Table B-5 for computation of exceptional education support units to obtain the number of support units allowed for the district's approved exceptional child program. Calculations for this subsection shall be carried out to the nearest hundredth when more than one (1) unit is allowed.

3. The total number of support units of the district shall be the sum of the total support units for regular students, (#1 above) and the support units allowance for the approved exceptional child program (#2 above).

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The following tables provide additional information regarding funding for public schools, which includes charter schools in Idaho:

**TABLE B-7:  
REVENUE - STATEWIDE SUPPORT FUNDING FOR PUBLIC SCHOOLS  
PER FULL-TERM AVERAGE DAILY ATTENDANCE (ADA)**

<b>Fiscal Year</b>	<b>Foundation Support</b>	<b>Other Support</b>	<b>Total Statewide Support</b>	<b>Full-Term ADA</b>	<b>Total Statewide Support per Full-Term ADA</b>	<b>Percent Change from Prior Fiscal Year</b>
2022-23	\$2,100,022,939	\$139,780,268	<b>\$2,239,803,207</b>	312,190	<b>\$7,174</b>	4.6%
2021-22	1,936,460,677	186,463,081	<b>2,122,923,758</b>	309,448	<b>6,860</b>	6.3%
2020-21	1,762,790,224	194,533,157	<b>1,957,323,381</b>	303,349	<b>6,452</b>	-3.8%
2019-20	1,766,530,009	199,610,133	<b>1,966,140,143</b>	293,166	<b>6,707</b>	3.1%
2018-19	1,674,108,070	185,491,320	<b>1,859,599,389</b>	285,890	<b>6,505</b>	5.0%
2017-18	1,585,397,593	164,186,361	<b>1,749,583,954</b>	282,383	<b>6,196</b>	5.5%
2016-17	1,495,882,598	146,029,794	<b>1,641,912,393</b>	279,519	<b>5,874</b>	5.7%
2015-16	1,406,433,467	124,997,989	<b>1,531,431,456</b>	275,496	<b>5,559</b>	4.1%
2014-15	1,334,161,710	116,475,441	<b>1,450,637,151</b>	271,778	<b>5,338</b>	5.6%
2013-14	1,277,773,149	90,748,959	<b>1,368,522,108</b>	270,718	<b>5,055</b>	1.5%
2012-13	1,224,831,906	92,268,696	<b>1,317,100,602</b>	264,760	<b>4,980</b>	3.9%
2011-12	1,214,506,041	52,659,331	<b>1,267,165,372</b>	259,440	<b>4,793</b>	-6.0%
2010-11	1,258,062,449	102,485,567	<b>1,360,548,016</b>	253,449	<b>5,099</b>	-7.1%
2009-10	1,363,579,158	71,510,513	<b>1,435,089,671</b>	262,020	<b>5,487</b>	-4.7%
2008-09	1,385,861,537	101,615,334	<b>1,487,476,871</b>	258,382	<b>5,757</b>	2.6%
2007-08	1,334,909,542	97,650,021	<b>1,432,559,563</b>	259,030	<b>5,613</b>	3.7%
2006-07	1,287,084,276	71,237,383	<b>1,358,321,659</b>	250,981	<b>5,412</b>	

Source: The Department.

**TABLE B-8:  
TOTAL STATE FUNDING HISTORICAL APPROPRIATIONS  
FOR PUBLIC SCHOOLS (INCLUDES IESDB)**

<b>Fiscal Year</b>	<b>Historical Appropriations General Fund</b>	<b>Historical Appropriations Dedicated Funds</b>	<b>Total Appropriation</b>	<b>Percent Change from Prior Fiscal Year</b>
2023-24	\$2,698,842,500	\$126,498,300	\$2,825,340,800	15.5%
2022-23	2,318,089,700	128,652,000	2,446,741,700	13.2%
2021-22	2,060,066,000	102,153,900	2,162,219,900	3.4%
2020-21	1,985,451,000	105,717,600	2,091,168,600	4.4%
2019-20	1,898,407,200	105,062,300	2,003,469,500	6.8%
2018-19	1,785,265,900	91,010,700	1,876,276,600	5.6%
2017-18	1,685,262,200	91,637,700	1,776,899,900	6.9%
2016-17	1,584,669,400	77,496,200	1,662,165,600	7.2%
2015-16	1,475,784,000	74,189,400	1,549,973,400	6.1%
2014-15	1,374,598,400	86,812,400	1,461,410,800	5.7%
2013-14	1,308,365,460	74,567,600	1,382,933,000	2.7%
2012-13	1,279,818,600	66,873,400	1,346,692,000	

Source: Idaho Legislative Budget Book for Fiscal Years 2013-2025.

## **Salary Based Apportionment (Idaho Code § 33-1004E)**

Each charter school is entitled to a Salary-Based Apportionment calculated as follows:

### *Instructional Staff*

To determine the apportionment for instructional staff, take the amounts indicated on the career ladder table plus the amounts associated with the additional education allocation amounts pursuant to section 33-1004B, Idaho Code, and calculate the weighted average. The amount so determined shall be multiplied by the district staff allowance for instructional staff determined as provided in section 33-1004(2), Idaho Code. Full-time instructional staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. No full-time instructional staff member shall be paid less than the minimum dollar amount on the career ladder residency compensation rung pursuant to section 33-1004B, Idaho Code, for the applicable fiscal year. If an instructional staff member has been certified by the national board for professional teaching standards, the staff member shall receive two thousand dollars (\$2,000) per year for five (5) years from the year in which national board certification was earned. The district staff allotment shall be increased by two thousand dollars (\$2,000) for each national board certified instructional staff member who earned national board certification; provided however, that no such awards shall be paid for the period July 1, 2010, through June 30, 2011, nor shall any liabilities accrue or payments be made pursuant to this section in the future to any individuals who would have otherwise qualified for a payment during this stated time period. The resulting amount is the district's salary-based apportionment for instructional staff. For purposes of this section, teachers qualifying for the salary increase shall be those who have been recognized as national board certified teachers as of July 1 of each year.

### *Pupil Services Staff*

To determine the apportionment for pupil service staff, take the amounts indicated on the career ladder table plus the amounts associated with the additional education allocation amounts pursuant to section 33-1004B, Idaho Code, and calculate the weighted average. If the district does not employ any pupil service staff, the district's pupil service staff average salary shall equal the district's instructional staff average salary for purposes of calculating pupil service salary-based apportionment. The amount so determined shall be multiplied by the district staff allowance for pupil service staff determined pursuant to section 33-1004(3), Idaho Code. Full-time pupil service staff salaries shall be determined from a salary schedule developed by each district and submitted to the state department of education. The resulting amount is the district's salary-based apportionment for pupil service staff. No full-time pupil service staff member shall be paid less than the minimum dollar amount on the career ladder residency compensation rung pursuant to section 33-1004B, Idaho Code, for the applicable fiscal year.

### *Administrative Staff*

To determine the apportionment for district administrative staff, first determine the district average experience and education index by placing all eligible certificated administrative employees on the statewide index provided in section 33-1004A, Idaho Code. The resulting average is the district index. If the district does not employ any administrative staff, the district administrative index shall equal the statewide average index for purposes of calculating administrative salary-based apportionment. The district administrative staff index shall be multiplied by the base salary of forty-three thousand one hundred fifty-one dollars (\$43,151). The amount so determined shall be multiplied by the district staff allowance for administrative staff determined as provided in section 33-1004(4), Idaho Code. The resulting amount is the district's salary-based apportionment for administrative staff.

### *Classified Staff*

To determine the apportionment for classified staff, multiply thirty-eight thousand eight hundred two dollars (\$38,802) by the district classified staff allowance determined as provided in section 33-1004(5), Idaho Code. The amount so determined is the district's apportionment for classified staff.



### *Total Salary Based Apportionment*

The charter school's salary-based apportionment shall be the sum of the apportionments calculated in Instructional Staff, Pupil Services Staff, Administrative Staff and Classified Staff above plus the benefit apportionment as provided in § 33-1004F, Idaho Code.

#### **Staff Allowance (Idaho Code § 33-1004(2)–(5))**

The Staff Allowance is determined as follows: determine the instructional staff allowance by multiplying the Support Units by 1.021; determine the pupil service staff allowance by multiplying the Support Units by 0.79; determine the administrative staff allowance by multiplying the Support Units by .075; determine the classified staff allowance by multiplying the Support Units by .375.

Only instructional, pupil service, administrative and classified personnel compensated by the charter school from the general maintenance and operation fund of the district shall be included in the calculation of staff allowance or in any other calculations based upon staff, including determination of the experience and education multiplier, the reporting requirements, or the district's salary-based apportionment calculation. No food service staff or transportation staff shall be included in the staff allowance.

#### **Benefit Apportionment (Idaho Code § 33-1004F)**

Based upon the actual salary-based apportionment as determined in §33-1004E, Idaho Code, and the leadership premiums distributed pursuant to section 33-1104J, Idaho Code, there shall be allocated that amount required to meet the employer's obligations to the public employee retirement system and to social security.

#### **Calculation of Average Daily Attendance (Idaho Code § 33-1003A)**

Average daily attendance is computed using the entire school year except that the twenty-eight weeks having the highest average daily attendance, not necessarily consecutive weeks, may be used. When a school is closed, or if a school remains open but attendance is significantly reduced because of storm, flood, failure of the heating plant, loss or damage to the school building, quarantine or order of any city, county or state health agency, or for reason believed by the board of trustees to be in the best interests of the health, safety or welfare of the pupils, the board of trustees having certified to the state department of education the cause and duration of such closure or impacted attendance, the average daily attendance for such day or days of closure or impacted attendance shall be considered as being the same as for the days when the school actually was in session or when attendance was not impacted. A decision by the state department to disallow such a consideration shall be subject to appeal to the state board of education.

For illness or accident that necessitates an absence from school for more than ten (10) consecutive school days, the school district may include homebound students in its total attendance, provided that academic instruction has been given by appropriate certified professional staff employed by the district.

#### **Payments from the Public School Income Fund to Charter Schools (Idaho Code § 33-1009)**

Payments of state general account appropriation are made four times per year, not later than:

- August 15;
- November 15;
- February 15; and
- May 15.

Payments of moneys, other than the state general account appropriation, that accrue to the public school income fund shall be made by the Department to the school districts of the State on November 15, February 15, May 15 and July 15 each year. The total amount of such payments shall be determined by the Department and shall not exceed the amount of moneys available and on deposit in the public school income fund at the time such payment is made.

Payments made in August and November are advance payments for the current year and may be based upon payments from the preceding school year. Each charter school receives its proportionate share of the advance payments in the same ratio as its total payment for the preceding year was to the total payments to all school districts for the preceding year.

No later than the fifteenth day of February in each year, the Department computes the State Distribution Factor based on the total ADA through the first Friday in November as reported to the Department. The factor will be used in payments made in February and May

The State Department of Education determines, as of June 30, the final payments to be made on July 15 to the schools districts including charter schools for the school year ended June 30. The July payments take into consideration: (a) the average daily attendance of the several school districts, including charter schools, for the 28 best weeks of the school year completed not later than the thirtieth of June; (b) all funds available in the public school income fund for the fiscal year ending on the 30th of June; (c) all payments distributed for the current fiscal year to the several school districts including charter schools; (d) the adjustment based on the actual amount of discretionary funds per support unit required by the provisions of section 33-1018, Idaho Code; (e) payments made or due for the transportation support program and the exceptional education support program. The Department apportions and directs the final payments to the charter schools, the moneys in the public school income fund in each year, taking into account the advance made in August and November, in such amounts as will provide in full for each district and school its support program, and not more than therefor required, and no school district, including charter schools, shall receive less than fifty dollars (\$50.00).

If the full amount appropriated to the public school income fund from the general account by the legislature is not transferred to the public school income fund by the end of the fiscal year, the deficiency resulting therefrom shall either be restored or reduced through a special transfer from the general account in the first 60 days of the following fiscal year, or shall be calculated in computing district levies, and any additional levy shall be certified by the state superintendent of public instruction to the board of county commissioners and added to the district's maintenance and operation levy. If the deficiency is restored or reduced by special transfer, the amount so transferred shall be in addition to the amount appropriated to be transferred in such following fiscal year, and shall be apportioned to each school district in the same amount as each would have received had the transfer been made in the year the deficiency occurred. The Department shall distribute to the school district the full amount of the special transfer as soon as practical after such transfer is made. In making the levy computations required by this subsection the Department shall take into account and consider the full amount of money receipted into the public school income fund from all sources for the given fiscal year. Deficits in the transfer of the appropriated amount of general account revenue to the public school income fund shall be reduced by the amount, if any, that the total amount receipted from other sources into the public school income fund exceeds the official estimated amount from those sources. The official estimate of receipts from other sources shall be the total amount stated by the legislature in the appropriation bill. The provisions of this subsection shall not apply to any transfers to or from the public education stabilization fund.

Any apportionments in any year, made to any school district which may within the succeeding three-year period be found to have been in error either of computation or transmittal, may be corrected during the three-year period by reduction of apportionments to such school district to which over-apportionments may have been made or received, and corresponding additions to apportionments to any school district to which under-apportionments may have been made or received.

### **Strategic Planning and Training (Idaho Code §33-320)**

Each public charter school in Idaho shall develop and maintain an annual strategic plan that focuses on improving the student performance of the public charter school. The board of directors and the administrator of a public charter school shall collaborate on the plan and engage students, parents, educators and the community as appropriate. The strategic plan shall: (i) be data driven, specifically in student outcomes, and shall include, but not be limited to, analyses of demographic data, student achievement and growth data, graduation rates, and college and career readiness; (ii) set clear and measurable targets based on student outcomes; (iii) include a clearly developed and articulated vision and mission; (iv) include key indicators for monitoring performance; (v) include student literacy proficiency goals and targets and how progress toward these outcomes will be measured; (vi) include, as applicable to grades served, trajectory growth targets toward literacy proficiency; (vii) include, as applicable to the grade ranges served, college and career advising and mentoring goals and how progress toward those outcomes will be measured;

(viii) include the individual staff performance on each of the performance criteria as defined in section 33-1001, Idaho Code, including measurable student achievement and student success indicator targets and the percentage of students meeting those targets. Data will be aggregated at the grade range, subject, or performance indicator, as determined by the commission and allowed pursuant to section 33-133, Idaho Code; (ix) include, at a minimum, the student achievement and growth metrics for the state accountability framework. Student achievement and growth will be reported on each school's report card as required by the state board of education and published by the state board of education; and (x) include a report of progress toward the previous year's improvement goals.

The strategic plan must be reviewed and updated annually no later than October 1 every year. The board of directors shall continuously monitor progress toward the goals by utilizing relevant data to measure growth. The progress shall be included in evaluations of the administrator of a public charter school. The strategic plan must be made available to the public and shall be posted on the charter school website.

Of the moneys appropriated in the public schools educational support program, up to six thousand six hundred dollars (\$6,600) shall be distributed to each public charter school to be expended for training purposes for public charter school administrators and boards of directors. Funds shall be distributed on a reimbursement basis based on a process prescribed by the superintendent of public instruction. Qualified training shall include training for continuous improvement processes and planning, strategic planning, finance, public charter administrator evaluations, ethics and governance. The Board shall be granted rulemaking authority to establish appropriate procedures, qualifications and guidelines for qualified training providers and shall prepare a list of qualified training providers within the State of Idaho.

**Required Plan Reviews for Construction of School Construction Project (Idaho Code §§39-4113(4)-(5))**

The charter school must submit to the division of building safety three sets of working drawings and specifications for new public school buildings or facilities and additions or alterations to existing facilities. The division will review the plans for compliance with the current editions of the codes specified in chapter 41, title 39, Idaho Code, or within rules promulgated pursuant to chapter 41, title 39, Idaho Code, by the board and by section 39-8006, Idaho Code. These plans must be approved before charter school may advertise for bids. Once plans are reviewed and approved by the division of building safety pursuant to this section, no material change can be made to such plans without review and approval of such change by the division of building safety. All school construction or remodeling governed by chapter 41, title 39, Idaho Code shall be inspected by building inspectors certified in accordance with section 39-4108, Idaho Code, or by Idaho licensed architects or engineers to determine compliance with chapter 41, title 39, Idaho Code and the Idaho Uniform School Building Safety Act, chapter 80, title 39, Idaho Code. Additionally, the local government retains authority to issue building permits, review plans and provide a full range of building code enforcement activities as they relate to inspections of school buildings or facilities within their jurisdiction.

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS OF THE BORROWER  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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# Alturas Preparatory Academy

Year Ended June 30, 2024

## Audited Financial Statements



**ALTURAS PREPARATORY ACADEMY**  
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## **Independent Auditor's Report**

Board of Directors  
Alturas Preparatory Academy

### **Report on the Audit of the Financial Statements**

#### ***Qualified and Unmodified Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alturas Preparatory Academy (the School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

#### ***Qualified Opinion on the Governmental Activities***

In our opinion, except for the effects of the matter described in the Matter Giving Rise to the Qualified Opinion on the Governmental Activities section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2024, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### ***Unmodified Opinions on All Other Opinion Units Described Below***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Matter Giving Rise to the Qualified Opinion on the Governmental Activities***

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

### ***Quest CPAs PLLC***

Meridian, Idaho  
July 22, 2024

**ALTURAS PREPARATORY ACADEMY**

Statement of Net Position

June 30, 2024

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$1,857,392
Receivables:	
State Sources	183,206
Federal Sources	262,333
Prepaid Expenses	3,814
Total Current Assets	2,306,745
Noncurrent Assets	
Depreciable/Amortizable Net Capital Assets	1,953,079
Total Noncurrent Assets	1,953,079
<b>Total Assets</b>	4,259,824
 <b>Deferred Outflows of Resources</b>	
Pension Items	703,241
<b>Total Deferred Outflows of Resources</b>	703,241
<b>Total Assets and Deferred Outflows of Resources</b>	\$4,963,065
 <b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$124,576
Salaries & Benefits Payable	290,910
Unspent Grant Allocation	62,555
Long-Term Liabilities, Current	607,460
Total Current Liabilities	1,085,501
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	2,794,477
Total Noncurrent Liabilities	2,794,477
<b>Total Liabilities</b>	3,879,978
 <b>Deferred Inflows of Resources</b>	
Pension Items	0
<b>Total Deferred Inflows of Resources</b>	0
<b>Total Liabilities and Deferred Inflows of Resources</b>	3,879,978
 <b>Net Position</b>	
Net Investment in Capital Assets	(156,304)
Restricted:	
Special Programs	43,150
Unrestricted	1,196,241
<b>Total Net Position</b>	1,083,087
<b>Total Liabilities and Net Position</b>	\$4,963,065

See Accompanying Notes

**ALTURAS PREPARATORY ACADEMY**

Statement of Activities  
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For	Operating	Capital	Revenue And
		Services	Grants And	Grants And	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$1,000				(\$1,000)
Secondary School	2,151,894	\$7,944	\$661,936		(1,482,014)
Special Education	216,537		39,720		(176,817)
Interscholastic	2,000				(2,000)
School Activity	37,119				(37,119)
Support Service Programs					
Attendance - Guidance - Health	150				(150)
Special Education Support Services	0				0
Instruction Improvement	11,484		11,484		0
Educational Media	0				0
Board of Education	2,579				(2,579)
District Administration	23,175				(23,175)
School Administration	496,980				(496,980)
Business Operation	102,003				(102,003)
Buildings - Care	134,092		30,565		(103,527)
Maintenance - Student Occupied	308,707				(308,707)
Maintenance - Grounds	8,165				(8,165)
Pupil-To-School Transportation	280,692				(280,692)
Non-Instructional Programs					
Child Nutrition	84,773	29,359			(55,414)
Community Services	0	2,772			2,772
Capital Assets - Student Occupied	608,308				(608,308)
Capital Assets - Non-Student Occupied	0				0
Debt Services - Principal	0				0
Debt Services - Interest	0				0
<b>Total</b>	<u>\$4,469,658</u>	<u>\$40,075</u>	<u>\$743,705</u>	<u>\$0</u>	<u>(3,685,878)</u>
<b>General Revenues</b>					
Local Revenue					67,553
State Revenue					3,971,959
Federal Revenue					0
Pension Revenue (Expense)					(499,502)
<b>Total</b>					<u>3,540,010</u>
<b>Change in Net Position</b>					(145,868)
<b>Net Position - Beginning</b>					<u>1,228,955</u>
<b>Net Position - Ending</b>					<u><u>\$1,083,087</u></u>

**ALTURAS PREPARATORY ACADEMY**

Balance Sheet - Governmental Funds

June 30, 2024

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash & Investments	\$1,801,512		\$55,880	\$1,857,392
Receivables:				
State Sources	183,206		0	183,206
Federal Sources			262,333	262,333
Prepaid Expenditures	3,814		0	3,814
Due From Other Funds	199,778		0	199,778
<b>Total Assets</b>	<b>\$2,188,310</b>	<b>\$0</b>	<b>\$318,213</b>	<b>\$2,506,523</b>
<b>Liabilities</b>				
Accounts Payable	\$111,846		\$12,730	\$124,576
Due To Other Funds			199,778	199,778
Salaries & Benefits Payable	290,910		0	290,910
Unspent Grant Allocation			62,555	62,555
<b>Total Liabilities</b>	<b>402,756</b>	<b>\$0</b>	<b>275,063</b>	<b>677,819</b>
<b>Fund Balances</b>				
Nonspendable	3,814		0	3,814
Restricted:				0
Special Programs			43,150	43,150
Unassigned	1,781,740		0	1,781,740
<b>Total Fund Balances</b>	<b>1,785,554</b>	<b>0</b>	<b>43,150</b>	<b>1,828,704</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,188,310</b>	<b>\$0</b>	<b>\$318,213</b>	<b>\$2,506,523</b>

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**

<b>Total Governmental Fund Balances</b>	\$1,828,704
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,953,079
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(3,401,937)
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Pension deferred outflows/inflows are not due and payable in the current period and therefore are not reported in the funds.	703,241
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<b>Net Position of Governmental Activities</b>	<u><u>\$1,083,087</u></u>
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**ALTURAS PREPARATORY ACADEMY**

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2024

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Local Revenue	\$518,653	\$29,359	\$2,772	\$550,784
State Revenue	3,971,959		100,770	4,072,729
Federal Revenue			199,779	199,779
<b>Total Revenues</b>	<b>4,490,612</b>	<b>29,359</b>	<b>303,321</b>	<b>4,823,292</b>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	1,000		0	1,000
Secondary School	2,200,503		183,763	2,384,266
Special Education	176,817		39,720	216,537
Interscholastic	2,000		0	2,000
School Activity	37,119		0	37,119
Support Service Programs				
Attendance - Guidance - Health	150		0	150
Special Education Support Services			0	0
Instruction Improvement			11,484	11,484
Educational Media			0	0
Board of Education	2,579		0	2,579
District Administration	23,175		0	23,175
School Administration	496,980		0	496,980
Business Operation	102,003		0	102,003
Buildings - Care	111,660		22,432	134,092
Maintenance - Student Occupied	872,247		0	872,247
Maintenance - Grounds	8,165		0	8,165
Pupil-To-School Transportation	280,692		0	280,692
Non-Instructional Programs				
Child Nutrition		84,773	0	84,773
Community Services			0	0
Capital Assets - Student Occupied			0	0
Capital Assets - Non-Student Occupied			0	0
Debt Services - Principal			0	0
Debt Services - Interest			0	0
<b>Total Expenditures</b>	<b>4,315,090</b>	<b>84,773</b>	<b>257,399</b>	<b>4,657,262</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>175,522</b>	<b>(55,414)</b>	<b>45,922</b>	<b>166,030</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,772	51,857	0	54,629
Transfers Out	(51,857)		(2,772)	(54,629)
<b>Total Other Financing Sources (Uses)</b>	<b>(49,085)</b>	<b>51,857</b>	<b>(2,772)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>126,437</b>	<b>(3,557)</b>	<b>43,150</b>	<b>166,030</b>
<b>Fund Balances - Beginning</b>	<b>1,659,117</b>	<b>3,557</b>	<b>0</b>	<b>1,662,674</b>
<b>Fund Balances - Ending</b>	<b>\$1,785,554</b>	<b>\$0</b>	<b>\$43,150</b>	<b>\$1,828,704</b>

**ALTURAS PREPARATORY ACADEMY**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2024

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds to the Statement of Activities**

**Net Change in Fund Balances - Total Governmental Funds** \$166,030

Amounts reported for governmental activities in the statement of activities  
are different because:

Government funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their  
estimated useful lives as depreciation expense or allocated over the  
appropriate term as amortization expense. This is the excess of capital  
outlays over (under) depreciation/amortization expense in the current  
period. (567,801)

Repayment of long-term liability principal is an expenditure in the  
governmental funds, but the repayment reduces long-term liabilities in the  
statement of net position. 523,033

Changes in net pension asset/liability and related pension deferred  
outflows/inflows do not provide or require current financial resources and  
therefore are not reflected in the funds. (267,130)

**Change in Net Position of Governmental Activities** (\$145,868)

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – Alturas Preparatory Academy (the School) is organized as a nonprofit corporation providing public charter school educational services as authorized by Section 33 of Idaho Code.

Idaho Code Section 33-5210(3) requires charter schools to comply with the same financial reporting requirements imposed on school districts, i.e. – on a governmental, rather than nonprofit, basis of accounting. Additionally, enabling legislation creates charter schools as public entities, i.e. – as public schools, subject to provisions common with other governmental entities as set forth in Idaho Code Section 33-5204. Accordingly, the School's basis of presentation follows the governmental, rather than nonprofit, reporting model.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to charter schools. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

**Basic Financial Statements - Government-Wide Statements** – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

**Basic Financial Statements - Fund Financial Statements** – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

*General Fund* – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

**Basis of Accounting** – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

**Cash** – Nearly all the cash balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash are reported in each fund as cash. Interest earned on pooled cash is paid to the general fund unless Idaho Code specifies otherwise.

**Receivables** – Receivables are reported net of any estimated uncollectible amounts.

**Inventories** – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of depreciable assets is recorded using the straight-line method.

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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**Leases/SBITAs and Amortization** – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term is recorded using the straight-line method.

**Compensated Absences** – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded. Compensated absences will be paid by the fund in which the employee works.

**Other Post-Employment Benefits** – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis. Other post-employment benefits will be paid by the fund in which the employee works.

**Pensions** – For purposes of measuring the net pension asset/liability and pension revenue/expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension obligations will be paid by the fund in which the employee works.

**Net Position** – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

**Fund Balance Classifications** – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity’s governing body. Assigned portions represent amounts that are constrained by the government’s intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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**Income Taxes** – The School is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except for income, if any, derived from unrelated business activities. The School’s tax returns for the current year and prior two years are subject to examination by the IRS and state tax authorities, generally for three years after they are filed.

**Contingent Liabilities** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

**Interfund Activity** – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Custodial Credit Risk** – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial credit risk.

**Risk Management** – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

**Subsequent Events** – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

**B. CASH AND INVESTMENTS**

Cash and investments consist of the following at year end:

Cash - Deposits	\$150,392
Investments - Local Gov't Investment Pool	<u>1,707,000</u>
<b>Total</b>	<u><u>\$1,857,392</u></u>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$150,392 and the bank balances were \$171,103. The bank balances were insured.

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

**Interest rate risk:**

Investment Type	<b>Investment Maturity Schedule (In Years)</b>	
	Less Than 1	Total
Local Gov't Invest Pool	\$1,707,000	\$1,707,000
<b>Total</b>	<b>\$1,707,000</b>	<b>\$1,707,000</b>

**Credit rate risk:**

Investment Type	<b>Investment Rating Schedule</b>	
	Not Rated	Total
Local Gov't Invest Pool	\$1,707,000	\$1,707,000
<b>Total</b>	<b>\$1,707,000</b>	<b>\$1,707,000</b>

**Investments** – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at [www.sto.idaho.gov](http://www.sto.idaho.gov).

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

**C. RECEIVABLES**

Receivables consist of the following at year end:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Total</b>
State Sources			
Foundation Program	\$183,206		\$183,206
<b>Total</b>	<b>\$183,206</b>		<b>\$183,206</b>
Federal Sources			
Special Programs		\$262,333	\$262,333
<b>Total</b>		<b>\$262,333</b>	<b>\$262,333</b>

**D. CAPITAL ASSETS**

A summary of capital assets for the year is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Depreciable/Amortizable Capital Assets				
Equipment	\$289,041			\$289,041
Leased Buildings	3,415,648	\$40,507		3,456,155
Subtotal	3,704,689	40,507	\$0	3,745,196
Accumulated Depreciation				
Equipment	46,259	28,906		75,165
Subtotal	46,259	28,906	0	75,165
Accumulated Amortization				
Leased Buildings	1,137,550	579,402		1,716,952
Subtotal	1,137,550	579,402	0	1,716,952
<b>Total</b>	<b>2,520,880</b>	<b>(567,801)</b>	<b>0</b>	<b>1,953,079</b>
<b>Net Capital Assets</b>	<b>\$2,520,880</b>	<b>(\$567,801)</b>	<b>\$0</b>	<b>\$1,953,079</b>

Depreciation expense of \$28,906 and amortization expense of \$579,402 were charged to the capital assets – student occupied program.



**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

**E. LONG-TERM LIABILITIES**

At year end, the School had a lease as follows:

Lease for facilities for 6 years starting July 2021, due in quarterly payments whose annual total ranges from \$484,500 to \$908,958, with interest at 5.75%, paid through the general fund	<u>\$2,109,383</u>
<b>Total</b>	<u><u>\$2,109,383</u></u>

Future lease payments are estimated as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
6/30/25	\$607,460	\$121,290	\$728,750
6/30/26	642,388	86,361	728,749
6/30/27	859,535	49,422	908,957
<b>Total</b>	<u>\$2,109,383</u>	<u>\$257,073</u>	<u>\$2,366,456</u>

Changes in long-term liabilities are as follows:

<b>Description</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Lease	\$2,632,416		\$523,033	\$2,109,383	\$607,460
Net Pension Liability	973,917	\$318,637		1,292,554	-
<b>Total</b>	<u>\$3,606,333</u>	<u>\$318,637</u>	<u>\$523,033</u>	<u>\$3,401,937</u>	<u>\$607,460</u>

Interest and related costs during the year amounted to \$208,689 and were charged to the maintenance – student-occupied program.

**F. PENSION PLAN**

*Plan description*

The School contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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*Pension benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

*Member and employer contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2023 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$232,372 for the year ended June 30, 2024.

*Pension asset/liabilities, pension revenue (expense), and deferred outflows/inflows of resources related to pensions*

At June 30, 2024, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the School's proportion was 0.0323894%.

For the year ended June 30, 2024, the School recognized pension revenue (expense) of (\$499,502). At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$221,554	
Changes in assumptions or other inputs	127,990	
Net difference between projected and actual earnings on pension plan investments	121,325	
Employer contributions subsequent to the measurement date	232,372	
<b>Total</b>	<b>\$703,241</b>	<b>\$0</b>

\$232,372 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an adjustment to the pension revenue (expense) in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue (expense) as follows:

<b>Year Ended</b>		
6/30/25		(\$167,451)
6/30/26		(78,690)
6/30/27		(244,792)
6/30/28		20,065
<b>Total</b>		<b>(\$470,868)</b>

*Actuarial assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

*Contributing members, service retirement members, and beneficiaries*

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
	5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

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*Discount rate*

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(5.35%)</b>	<b>(6.35%)</b>	<b>(7.35%)</b>
School's proportionate share of the net pension liability	<u>\$2,324,712</u>	<u>\$1,292,554</u>	<u>\$448,959</u>

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Impact on the School's net position*

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

**ALTURAS PREPARATORY ACADEMY**  
Notes to Financial Statements

**G. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at year end consist of the following:

	<b>Due From Fund</b>	
<b>Due To Fund</b>	Nonmajor Governmental	<b>Total</b>
General	\$199,778	\$199,778
<b>Total</b>	\$199,778	\$199,778

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

Interfund transfers during the year consist of the following:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose</b>
General	\$2,772	\$51,857	Reimbursement, Support
Child Nutrition	51,857		Support
Nonmajor Governmental		2,772	Reimbursement
<b>Total</b>	\$54,629	\$54,629	

**ALTURAS PREPARATORY ACADEMY**  
 Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended June 30, 2024

<b>General Fund</b>	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final Budget</b>
	<b>(GAAP Basis)</b>			<b>Amounts</b>
	<b>Original</b>	<b>Final</b>		<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local Revenue	\$300,000	\$300,000	\$518,653	\$218,653
State Revenue	4,330,727	4,046,644	3,971,959	(74,685)
Federal Revenue	0	0	0	0
<b>Total Revenues</b>	<u>4,630,727</u>	<u>4,346,644</u>	<u>4,490,612</u>	<u>143,968</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	0	0	1,000	(1,000)
Secondary School	2,053,162	2,075,217	2,200,503	(125,286)
Special Education	138,000	96,914	176,817	(79,903)
Interscholastic	0	0	2,000	(2,000)
School Activity	3,600	3,600	37,119	(33,519)
Support Service Programs				
Attendance - Guidance - Health	0	0	150	(150)
Special Education Support Services	0	0	0	0
Instruction Improvement	0	0	0	0
Educational Media	200	200	0	200
Board of Education	500	500	2,579	(2,079)
District Administration	9,000	14,483	23,175	(8,692)
School Administration	1,027,372	928,579	496,980	431,599
Business Operation	3,000	103,000	102,003	997
Buildings - Care	139,632	139,631	111,660	27,971
Maintenance - Student Occupied	53,000	53,000	872,247	(819,247)
Maintenance - Grounds	24,000	24,000	8,165	15,835
Pupil-To-School Transportation	130,000	130,000	280,692	(150,692)
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Community Services	0	0	0	0
Capital Assets - Student Occupied	0	0	0	0
Capital Assets - Non-Student Occupied	0	0	0	0
Debt Services - Principal	674,397	674,397	0	674,397
Debt Services - Interest	0	0	0	0
<b>Total Expenditures</b>	<u>4,255,863</u>	<u>4,243,521</u>	<u>4,315,090</u>	<u>(71,569) *</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	374,864	103,123	175,522	72,399
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	2,772	2,772
Transfers Out	(100,000)	0	(51,857)	(51,857) *
<b>Total Other Financing Sources (Uses)</b>	<u>(100,000)</u>	<u>0</u>	<u>(49,085)</u>	<u>(49,085)</u>
<b>Net Change in Fund Balances</b>	274,864	103,123	126,437	23,314
<b>Fund Balances - Beginning</b>	2,006,238	1,659,117	1,659,117	0
<b>Fund Balances - Ending</b>	<u>\$2,281,102</u>	<u>\$1,762,240</u>	<u>\$1,785,554</u>	<u>\$23,314</u>
				<u>(\$123,426)</u>

\*Total expenditures (over) under appropriations.

**ALTURAS PREPARATORY ACADEMY**

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2024

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Child Nutrition Fund</b>				
<b>Revenues</b>				
Local Revenue	\$0	\$0	\$29,359	\$29,359
Federal Revenue	230,000	0	0	0
<b>Total Revenues</b>	<u>230,000</u>	<u>0</u>	<u>29,359</u>	<u>29,359</u>
<b>Expenditures</b>				
Non-Instructional Programs				
Child Nutrition	330,000	0	84,773	(84,773)
<b>Total Expenditures</b>	<u>330,000</u>	<u>0</u>	<u>84,773</u>	<u>(84,773) *</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(100,000)	0	(55,414)	(55,414)
<b>Other Financing Sources (Uses)</b>				
Transfers In	100,000	0	51,857	51,857
Transfers Out	0	0	0	0 *
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>0</u>	<u>51,857</u>	<u>51,857</u>
<b>Net Change in Fund Balances</b>	0	0	(3,557)	(3,557)
<b>Fund Balances - Beginning</b>	0	0	3,557	3,557
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
				<u><u>(\$84,773)</u></u>

*\*Total expenditures (over) under appropriations.*



**ALTURAS PREPARATORY ACADEMY**

Schedule of Employer Contributions

PERSI - Base Plan

**Schedule of Employer's Share of Net Pension Asset and Liability\***

<b>Fiscal Year Ended June 30</b>	<b>Employer's Portion of the Net Pension (Asset) Liability</b>	<b>Employer's Proportionate Share of the Net Pension (Asset) Liability</b>	<b>Covered Payroll</b>	<b>Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</b>
2023	0.02472649%	\$973,917	\$975,075	99.88%	83.09%
2024	0.03238940%	\$1,292,554	\$1,377,169	93.86%	83.83%

\*As of the measurement date of the net pension (asset) liability.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2023	\$164,434	\$164,434	\$0	\$1,377,169	11.94%
2024	\$232,372	\$232,372	\$0	\$1,831,143	12.69%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

**ALTURAS PREPARATORY ACADEMY**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2024

	<b>Special Revenue Funds</b>			
	<b>Student Activity</b>	<b>Securing Our Future</b>	<b>Technology</b>	<b>Substance Abuse</b>
<b>Assets</b>				
Cash & Investments		\$20,000	\$29,219	\$6,661
Receivables:				
State Sources				
Federal Sources				
Prepaid Expenditures				
Due From Other Funds				
<b>Total Assets</b>	\$0	\$20,000	\$29,219	\$6,661
<b>Liabilities</b>				
Accounts Payable		\$11,867	\$863	
Due To Other Funds				
Salaries & Benefits Payable				
Unspent Grant Allocation				
<b>Total Liabilities</b>	\$0	11,867	863	\$0
<b>Fund Balances</b>				
Nonspendable				
Restricted:				
Special Programs		8,133	28,356	6,661
Unassigned				
<b>Total Fund Balances</b>	0	8,133	28,356	6,661
<b>Total Liabilities and Fund Balances</b>	\$0	\$20,000	\$29,219	\$6,661

**ALTURAS PREPARATORY ACADEMY**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2024

	<b>Special Revenue Funds</b>			
	<b>ESSER III</b>	<b>Title I-A ESSA IBP</b>	<b>IDEA Part B 611 School Age 3-21</b>	<b>Title IV-A ESSA SS&amp;AE</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
State Sources				
Federal Sources	\$68,912	\$67,413	\$101,074	\$12,250
Prepaid Expenditures				
Due From Other Funds				
<b>Total Assets</b>	<u>\$68,912</u>	<u>\$67,413</u>	<u>\$101,074</u>	<u>\$12,250</u>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$68,912	\$67,413	\$38,519	\$12,250
Salaries & Benefits Payable				
Unspent Grant Allocation			62,555	
<b>Total Liabilities</b>	<u>68,912</u>	<u>67,413</u>	<u>101,074</u>	<u>12,250</u>
<b>Fund Balances</b>				
Nonspendable				
Restricted:				
Special Programs				
Unassigned				
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$68,912</u>	<u>\$67,413</u>	<u>\$101,074</u>	<u>\$12,250</u>

**ALTURAS PREPARATORY ACADEMY**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2024

	<b>Special Revenue Funds</b>		<b>Total</b>
	<b>IDEA</b>	<b>Title II-A</b>	
	<b>Mini Grants</b>	<b>ESSA SEI</b>	
<b>Assets</b>			
Cash & Investments			\$55,880
Receivables:			
State Sources			0
Federal Sources	\$1,200	\$11,484	262,333
Prepaid Expenditures			0
Due From Other Funds			0
<b>Total Assets</b>	<b>\$1,200</b>	<b>\$11,484</b>	<b>\$318,213</b>
<b>Liabilities</b>			
Accounts Payable			\$12,730
Due To Other Funds	\$1,200	\$11,484	199,778
Salaries & Benefits Payable			0
Unspent Grant Allocation			62,555
<b>Total Liabilities</b>	<b>1,200</b>	<b>11,484</b>	<b>275,063</b>
<b>Fund Balances</b>			
Nonspendable			0
Restricted:			
Special Programs			43,150
Unassigned			0
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>43,150</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,200</b>	<b>\$11,484</b>	<b>\$318,213</b>

**ALTURAS PREPARATORY ACADEMY**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2024

	<u>Special Revenue Funds</u>			
	<u>Student Activity</u>	<u>Securing Our Future</u>	<u>Technology</u>	<u>Substance Abuse</u>
<b>Revenues</b>				
Local Revenue	\$2,772			
State Revenue		\$20,000	\$74,109	\$6,661
Federal Revenue				
<b>Total Revenues</b>	<u>2,772</u>	<u>20,000</u>	<u>74,109</u>	<u>6,661</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				
Secondary School			45,753	
Special Education				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care		11,867		
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Services - Principal				
Debt Services - Interest				
<b>Total Expenditures</b>	<u>0</u>	<u>11,867</u>	<u>45,753</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,772	8,133	28,356	6,661
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out	(2,772)			
<b>Total Other Financing Sources (Uses)</b>	<u>(2,772)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	8,133	28,356	6,661
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$8,133</u>	<u>\$28,356</u>	<u>\$6,661</u>

**ALTURAS PREPARATORY ACADEMY**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2024

	<b>Special Revenue Funds</b>			
	<b>ESSER III</b>	<b>Title I-A ESSA IBP</b>	<b>IDEA Part B 611 School Age 3-21</b>	<b>Title IV-A ESSA SS&amp;AE</b>
<b>Revenues</b>				
Local Revenue				
State Revenue				
Federal Revenue	\$68,912	\$67,413	\$38,520	\$12,250
<b>Total Revenues</b>	<u>68,912</u>	<u>67,413</u>	<u>38,520</u>	<u>12,250</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				
Secondary School	58,347	67,413		12,250
Special Education			38,520	
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				
Educational Media				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care	10,565			
Maintenance - Student Occupied				
Maintenance - Grounds				
Pupil-To-School Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
Debt Services - Principal				
Debt Services - Interest				
<b>Total Expenditures</b>	<u>68,912</u>	<u>67,413</u>	<u>38,520</u>	<u>12,250</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**ALTURAS PREPARATORY ACADEMY**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2024

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>IDEA</u>	<u>Title II-A</u>	
	<u>Mini Grants</u>	<u>ESSA SEI</u>	
<b>Revenues</b>			
Local Revenue			\$2,772
State Revenue			100,770
Federal Revenue	\$1,200	\$11,484	199,779
<b>Total Revenues</b>	<u>1,200</u>	<u>11,484</u>	<u>303,321</u>
<b>Expenditures</b>			
Instructional Programs			
Elementary School			0
Secondary School			183,763
Special Education	1,200		39,720
Interscholastic			0
School Activity			0
Support Service Programs			
Attendance - Guidance - Health			0
Special Education Support Services			0
Instruction Improvement		11,484	11,484
Educational Media			0
Board of Education			0
District Administration			0
School Administration			0
Business Operation			0
Buildings - Care			22,432
Maintenance - Student Occupied			0
Maintenance - Grounds			0
Pupil-To-School Transportation			0
Non-Instructional Programs			
Child Nutrition			0
Community Services			0
Capital Assets - Student Occupied			0
Capital Assets - Non-Student Occupied			0
Debt Services - Principal			0
Debt Services - Interest			0
<b>Total Expenditures</b>	<u>1,200</u>	<u>11,484</u>	<u>257,399</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	45,922
<b>Other Financing Sources (Uses)</b>			
Transfers In			0
Transfers Out			(2,772)
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>(2,772)</u>
<b>Net Change in Fund Balances</b>	0	0	43,150
<b>Fund Balances - Beginning</b>	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$43,150</u>



**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Alturas Preparatory Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alturas Preparatory Academy (the School), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated July 22, 2024. In our report, we expressed a qualified opinion on the governmental activities as management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

### ***Quest CPAs PLLC***

Meridian, Idaho  
July 22, 2024

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**APPENDIX D**

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**APPENDIX E**

**FORMS OF PRINCIPAL DOCUMENTS**

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**TRUST INDENTURE**

between

IDAHO HOUSING AND FINANCE ASSOCIATION,

as Issuer

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,

as Trustee

§ \_\_\_\_\_

Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)

and

§ \_\_\_\_\_

Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024B (Credit Enhancement) (Federally Taxable)

Dated as of October 1, 2024

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**TRUST INDENTURE**

THIS TRUST INDENTURE, dated as of October 1, 2024 (this “Indenture”), is between IDAHO HOUSING AND FINANCE ASSOCIATION (the “Issuer”), an independent public body corporate and politic, organized and existing under the laws of the State of Idaho (the “State”), and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “Trustee”), with a principal corporate trust office located in Boise, Idaho, and authorized under such laws to accept and execute trusts of the character herein set out.

**W I T N E S S E T H:**

WHEREAS, pursuant to Title 67, Chapter 62, Idaho Code, as amended (the “Act”), the Issuer is authorized to issue revenue bonds to finance the acquisition, construction or rehabilitation of buildings, structures, property, and equipment owned, or to be acquired by, a nonprofit charter school for its secular educational purposes; and

WHEREAS, Alturas Preparatory Academy, Inc. (the “Borrower”), is an Idaho nonprofit corporation organized under the laws of the State of Idaho (the “State”) and is authorized to do business as a charter school in the State under Title 33, Chapter 52, Idaho Code, as amended (the “Charter Schools Act”), and has requested that the Issuer issue its bonds and loan the proceeds thereof to the Borrower to: (i) finance the acquisition of the Borrower’s existing charter school facilities located at 2280 East 17th Street, Idaho Falls, Idaho (the “Existing Facilities”), (ii) finance the acquisition and construction of a new charter school gym and related improvements on certain real property adjacent to the Existing Facilities or on same real property as the Existing Facilities (the “New Facilities” and collectively with the Existing Facilities, the “Facilities”), (iii) fund a debt service reserve fund as set forth herein, and (iv) pay certain costs associated with the issuance of the Series 2024 Bonds (collectively, the “Series 2024 Project”); and

WHEREAS, the Facilities are or will be located within the territorial limits of Bonneville County, Idaho (the “Project Jurisdiction”), and the Issuer, based on representations of the Borrower but without independent investigation, has found and determined that the financing of the Series 2024 Project will promote significant economic, cultural and community development opportunities, including the creation or retention of employment, the stimulation of economic activity and the promotion of improvements in the health, safety and welfare of persons in the Project Jurisdiction; and

WHEREAS, in order to finance the cost of the Series 2024 Project, the Issuer has agreed to issue its \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the “Series 2024A Bonds”) and \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds” and together with the Series 2024A Bonds, collectively the “Series 2024 Bonds”) pursuant to and secured by this Indenture; and

WHEREAS, the Series 2024 Bonds and the authentication certificates are to be substantially in the respective forms of Exhibit A-1 and Exhibit A-2 hereto, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture; and

WHEREAS, all things necessary to make the Series 2024 Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer and to constitute this Indenture a valid, binding and legal instrument for the security of the Series 2024 Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the mutual covenants contained herein and of the purchase and acceptance of the Bonds (as defined below) by the Registered Owners (as defined below) thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding under this Indenture, according to their tenor and effect, to secure the performance and observance of all the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, assign, pledge, set over and confirm unto Zions Bancorporation, National Association, as Trustee, for the benefit of the Registered Owners from time to time of the Bonds on a parity basis, and to its successors and assigns forever, all and singular the following described property, franchises and income:

- a. The rights and interests of the Issuer under the Loan Agreement (as defined below), as amended from time to time, between the Issuer and the Borrower, except the Issuer's Unassigned Rights (as defined below).
- b. The Facilities and all rights and interests of the Issuer in the Facilities, subject to Permitted Encumbrances, except the Issuer's Unassigned Rights.
- c. The Pledged Revenues (defined below) and all rights and interests of the Issuer in the Pledged Revenues, subject to Permitted Encumbrances, except the Issuer's Unassigned Rights.
- d. The rights and interests of the Issuer and the Borrower under the Deed of Trust and the Promissory Note (as defined below).
- e. All Funds (as defined below) created in this Indenture (other than the Cost of Issuance Fund and the Rebate Fund (as defined below)), except for moneys or obligations deposited with or paid to the Trustee for the payment or redemption of Bonds that are no longer deemed to be Outstanding (as defined below) hereunder, and all trust accounts containing all insurance and condemnation proceeds and all Pledged Revenues payable to the Trustee by or for the account of the Issuer pursuant to the Agreement and this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.
- f. Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security hereunder by the Issuer or by anyone in its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same, subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever,

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as otherwise provided in Article II hereof or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns shall well and truly pay, or cause to be paid, solely from the Trust Estate established herein, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Principal Fund and the Bond Interest Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Issuer and the United States of America all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate, and be void; otherwise this Indenture to be and remain in full force and effect.

IT IS HEREBY EXPRESSLY ACKNOWLEDGED that the Issuer has entered into this Indenture and issued the Bonds to fulfill the public purposes of the Act, and the Trustee hereby accepts such trust and covenants to enforce the provisions of this Indenture and the Agreement.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights, interests, and revenues and funds hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee for the benefit of the Registered Owners from time to time of the Bonds as follows:

## ARTICLE I

### DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT

**Section 1.1 Definitions.** All words and phrases defined in Article I of the Agreement shall have the same meaning in this Indenture. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

“Acquisition Account” means the account by that name within the Project Fund wherein proceeds of the Series 2024A Bonds will be deposited and used to acquire the Existing Facilities.

“Act” means Title 67, Chapter 62, Idaho Code, as amended.

“Act of Bankruptcy” means one of the following shall have occurred:

(a) The Borrower shall file a voluntary petition in bankruptcy, or shall be adjudicated bankrupt or insolvent, or shall file any petition or agreement seeking any reorganization, incorporation, readjustment, liquidation or similar relief for itself under any present or future statutes, laws or regulations or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(b) A petition shall be filed against the Borrower seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation and shall remain undismissed or unstayed for an aggregate period of 60 days (whether or not consecutive), or if any trustee, receiver or liquidator of the Borrower or of all or any substantial part of its properties shall be appointed without the consent or acquiescence of the Borrower and such appointment shall remain undismissed or unstayed for an aggregate period of 60 days (whether or not consecutive).

“Additional Bonds” means any Additional Bonds authorized and issued pursuant to Section 2.12 herein.

“Advance Payment” means an advance State Payment made by July 31 of 25% of the Borrower’s estimated annual apportionment for its first year of operation, and each year thereafter, provided that the Borrower is serving more grades or at least ten percent (10%) more classes than the prior year, based on the Borrower’s anticipated fall enrollment.

“Agreement” or “Loan Agreement” means the Loan Agreement dated as of October 1, 2024, between the Borrower and the Issuer, and any amendments and supplements thereto made in conformity therewith and with this Indenture.

“Authorized Denomination” means \$5,000 or integral multiples thereof.

“Authorized Representative” means, in the case of the Issuer, the Chairman, Vice Chairman, Secretary-Treasurer, President and Executive Director, or Vice President, Project Finance of the Issuer and any officer of the Issuer or any other person at the time designated to act on behalf of the Issuer by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by one of its authorized signatories, which certificate may designate an alternate or alternates; or, in the case of the Borrower, the Board Chair, any Board Vice-Chair, any Board Member, or the Superintendent thereof or any other person at the time designated to act on behalf of the Borrower by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its authorized signatories, which certificate may designate an alternate or alternates.

“Beneficial Owner(s)” means the person or entity for whom the Bonds were deposited with DTC (in the name of its nominee, Cede & Co.). If the Bonds are not deposited with DTC or another repository, the Beneficial Owner(s) shall be the Registered Owner(s).

“Bond Counsel” means Skinner Fawcett LLP or such other firm of nationally recognized attorneys with a proven reputation in the field of municipal finance and experienced in the financing of facilities for non-exempt persons through the issuance of tax-exempt revenue bonds under the exemption provided under Section 103 of the Code and approved by the Issuer.

“Bond Interest Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Bond Principal Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Bond Proceeds of a Series” means all amounts actually or constructively received from the sale of the related Series of Bonds (including the underwriter’s discount or compensation but excluding pre-issuance accrued interest) plus all investment earnings thereon.

“Bond Purchase Agreement” means, as to a Series of Additional Bonds, the Bond Purchase Agreement among the Issuer, the Borrower, and the underwriter related to such Series of Additional Bonds, and as to the Series 2024 Bonds, means the Bond Purchase Agreement, dated October \_\_, 2024, among the Issuer, the Borrower, and the Underwriter.

“Bond Register” means the bond register described in Section 2.6 hereof.

“Bonds” means the Series 2024 Bonds and any Additional Bonds.

“Borrower” means Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation, or any surviving, resulting or transferee corporation, as provided in Section 8.2 of the Agreement.

“Borrower Documents” means, with respect to a Series of Bonds, the Agreement, the Deed of Trust, the Promissory Notes, the Bond Purchase Agreement, the Tax Certificate, Continuing Disclosure Agreement and each of the other agreements, certificates, contracts, or instruments to be executed by the Borrower in connection with the issuance of a Series of Bonds or the financing of all or a portion of the expenses associated with the Project.

“Building” means that certain building or buildings and all other structures and facilities now owned or hereafter acquired or constructed (including all fixtures, heating and air conditioning equipment and all other equipment and machinery affixed to the Land or Building) which are located on the Land, as they may from time to time exist.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which the Federal Reserve System is closed, or (iii) a day on which commercial banks in the State or in the city in which the Designated Office of the Trustee is authorized by law to close.

“Capital Lease” means any lease or leases required to be capitalized in accordance with Generally Accepted Accounting Principles.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

“Charter School” means Alturas Preparatory Academy located at 2280 East 17th Street, Idaho Falls, Idaho, which provides public education to students in grades 6 through 12, pursuant

to a charter agreement with the Idaho Public Charter School Commission or any successor charter school thereto.

“Charter Schools Act” means Title 33, Chapter 52, Idaho Code, as amended.

“Charter School Facility Payments” means the facility payments made by the State to the Trustee pursuant to Section 33-5207(6), Idaho Code, which payments are expected to be made by the State to the Trustee each year in May.

“Closing Date” means as to a Series of Bonds, the date of issuance of such Series.

“Closing Memo” means the Closing Memorandum prepared and delivered to the Issuer, the Trustee, and the Borrower by the Underwriter related to the Series 2024 Bonds.

“Code” means the Internal Revenue Code of 1986, as amended; each reference to the Code is deemed to include (i) any successor internal revenue law and (ii) the applicable regulations whether final, temporary, or proposed under the Code or such successor law. Any reference to a particular provision of the Code is deemed to include any successor provision of any successor internal revenue law and applicable regulations, whether final, temporary, or proposed, under such provision or successor provision.

“Consulting Architect” means an independent, individual, licensed architect or engineer or independent, licensed engineering or architectural firm (which may be an individual or an engineering or architectural firm retained by the Borrower for other purposes) selected by the Borrower as evidenced to the Trustee by a written certificate containing the specimen signature of the authorized signatory for the Consulting Architect’s firm.

“Consulting Architect’s Certificate” means a written opinion or report signed by the Consulting Architect.

“Continuing Disclosure Agreement” means, as to the Series 2024 Bonds, the Continuing Disclosure Agreement, dated as of October 1, 2024, entered into by the Borrower, and as to any Series of Additional Bonds, the continuing disclosure undertaking, or agreement entered into by the Borrower in connection with such Series of Additional Bonds.

“Cost of Issuance Fund” means the fund by that name created pursuant to Section 3.2 of this Indenture.

“Costs or Cost of the Project” means the sum total of all reasonable or necessary costs incidental to the Project which may be financed pursuant to the Act and the Code.

“Debt Service Reserve Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Debt Service Reserve Fund Requirement” means with respect to the Series 2024 Bonds (a) the initial amount of \$ \_\_\_\_\_ or (b) if less than the applicable amount in (a), the maximum annual Debt Service of the Series 2024 Bonds, calculated from time to time as of any date on which a portion of the Series 2024 Bonds is refunded or defeased and deemed no longer

Outstanding, as applicable, either of which amount shall not exceed the least of (i) 10% of the original principal amount of the Series 2024 Bonds, or if any series of Bonds are issued with original issue discount, 10% of the proceeds of such Bonds, (ii) the Maximum Annual Debt Service on the Series 2024 Bonds, or (iii) 125% of the average annual debt service on the Series 2024 Bonds and is not less than twelve (12) months of debt service on the Series 2024 Bonds pursuant to the requirement of the Public Charter School Facilities Program. With respect to Additional Bonds the Debt Service Reserve Fund shall be as required in the Supplemental Indenture authorizing such Additional Bonds.

“Deed of Trust” means the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing dated as of October 1, 2024, among the Borrower, as trustor, the Title Company, as deed of trust trustee, and the Trustee, as beneficiary, and any modification to such Deed of Trust and any other deed of trust or mortgage delivered by the Borrower to the Issuer or the Trustee in connection with the issuance of Additional Bonds or to provide additional security.

“Designated Office of the Trustee” means the office of the Trustee at the address set forth in Section 11.9 or at such other address as may be specified in writing by the Trustee as provided in Section 11.9. The paying agent and registrar functions mean the Trustee’s office located in Boise, Idaho.

“Determination of Taxability” shall have been deemed to occur if a final decree or judgment of any federal court or a final action of the Internal Revenue Service determines that interest paid or payable on any Tax-Exempt Bond is or was includable in the gross income of the Owner of said Tax-Exempt Bond for federal income tax purposes under the Code; provided, however, no such decree or action will be considered final for this purpose unless the Issuer and the Borrower have been given written notice and, if it is so desired and is legally allowed, have been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Tax-Exempt Bond, and until conclusion of any appellate review, if sought.

“Disbursement Date” means (i) a date in August, November, February, May and July not more than two (2) Business Days after a State Payment is received by the Trustee (but in each case not later than the last day of the month in which a State Payment is received by the Trustee), commencing the date on which the first State Payment is received by the Trustee; or (ii) a date not more than two (2) Business Days after a Charter School Facility Payment is received by the Trustee, commencing the date on which the Charter School Facility Payment is received by the Trustee.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Existing Facilities” means the Borrower’s existing school facilities consisting of a school building of approximately 72,000 square feet with capacity for approximately 500 students in grades 6-12 located at 2280 East 17th Street, Idaho Falls, Idaho.

“Expense Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Facilities” means collectively the Existing Facilities and the New Facilities located in Caldwell, Idaho.

“Facilities Consultant” means a firm of professional property inspection consultants qualified to conduct a physical needs assessment of charter school facilities and assess the good repair, working order and condition of real property and having a favorable reputation for skill and experience in the field of property inspection consultation and which may include a firm with whom the Borrower transacts business.

“Fiscal Year” means the Borrower’s fiscal year, which currently begins on July 1 and ends on June 30 of each calendar year.

“Foundation Payments” means the payments made by the State to the Trustee on behalf of the Borrower each year on August 15, November 15, February 15, May 15, and July 15, or by July 31 for an Advance Payment.

“Funds” means the Bond Principal Fund, the Bond Interest Fund, the Debt Service Reserve Fund, the Cost of Issuance Fund, the Expense Fund, the Project Fund, the Rebate Fund, the Revenue Fund, and any other funds, accounts or subaccounts held by the Trustee hereunder.

“Generally Accepted Accounting Principles” means those accounting principles applicable in the preparation of financial statements of the Borrower, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants.

“Government Obligations” means direct noncallable obligations of or direct noncallable obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America.

“Gymnasium Account” means the account by that name within the Project Fund wherein proceeds of the Series 2024A Bonds will be deposited and used to acquire and construct the New Facilities.

“Indebtedness” means (a) indebtedness incurred or assumed by the Borrower for borrowed money or for the financing or refinancing of the acquisition, construction or improvement of the Facilities or property related thereto other than goods that are acquired in the ordinary course of business of the Borrower, including indebtedness subordinate as to security and payment to other Indebtedness, (b) lease obligations of the Borrower that, in accordance with Generally Accepted Accounting Principles, are shown on the liability side of a balance sheet, (c) all indebtedness (other than indebtedness otherwise treated as Indebtedness hereunder) for capitalized lease obligations guaranteed, directly or indirectly, in any manner by the Borrower, or in effect guaranteed, directly or indirectly, by the Borrower through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and (d) all indebtedness secured by any mortgage, lien,

charge, encumbrance, pledge or other security interest upon the Facilities or property related thereto owned by the Borrower whether or not the Borrower has assumed or become liable for the payment thereof. For the purpose of computing “Indebtedness,” there shall be excluded any particular Indebtedness (i) incurred by the Borrower under Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) or (ii) if, upon or prior to the maturity thereof, there shall have been deposited with the proper depository in trust the necessary funds (or evidences of such Indebtedness or investments that will provide sufficient funds, if permitted by the instrument creating such Indebtedness) for the payment, redemption or satisfaction of such Indebtedness; and thereafter such funds, evidences of Indebtedness and investments so deposited shall not be included in any computation of the assets of the Borrower, and the income from any such deposits shall not be included in the calculation of Net Income Available for Debt Service.

“Insurance Consultant” means an independent insurance consultant and/or risk management firm or an insurance broker or an insurance agent (which may be a consultant, firm, broker, or agent with whom the Borrower or the Issuer regularly transacts business) selected by the Borrower.

“Interest Payment Date” means with respect to the Series 2024 Bonds, each November 1 and May 1, commencing May 1, 2025, or any other dates as specified in a Supplemental Indenture with respect to any series of Additional Bonds.

“Investment Obligations” means any of the following that at the time are lawful investments under the laws of the State and applicable banking regulations for the money held under this Indenture:

- (a) Obligations of the following federal agencies so long as such obligations are backed by the full faith and credit of the United States of America:
  - (i) U.S. Export-Import Bank
  - (ii) Rural Economic Community Development Administration
  - (iii) Federal Financing Bank
  - (iv) General Services Administration
  - (v) U.S. Maritime Administration
  - (vi) U.S. Department of Housing and Urban Development (PHAs)
  - (vii) Small Business Administration
  - (viii) Government National Mortgage Associate (GNMA)
  - (ix) Federal Housing Administration
  - (x) Farm Credit System Financial Assistance Corporation

(b) Direct Obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

(i) Senior debt obligations rated in the highest long-term rating category by at least two (2) nationally recognized rating agencies issued by Fannie Mae or the Federal Home Loan Mortgage Corporation (FHLMC).

(ii) Senior debt obligations of the Federal Home Loan Bank System.

(iii) Senior debt obligations of other government sponsored agencies.

(c) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which either (i) have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies, (ii) are insured at all times by the Federal Deposit Insurance Corporation, or (iii) are collateralized with direct obligations of the United States of America at 102% valued daily. All such certificates must mature no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.)

(d) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two (2) nationally recognized rating agencies and which matures not more than 270 days after the date of purchase.

(e) Investments in (i) money market funds, including those of the Trustee, subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least two (2) nationally recognized rating agencies, and (ii) public sector investment pools operated pursuant to SEC Rule 2a-7 in which the issuer's deposit shall not exceed 5% of the aggregate pool balance at any time and such pool is rated in one of the two highest short-term rating categories of at least two (2) nationally recognized rating agencies, provided Trustee can access funds pursuant to this Indenture.

(f) Pre-refunded municipal obligations defined as follows: any bonds, certificates or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest long-term rating category of at least two (2) nationally recognized rating agencies; or

(ii) (A) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or direct obligations of the United States of America, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds, certificates or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and

(B) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds, certificates or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

(g) General obligations of states with a short-term rating in one of the two highest rating categories and a long-term rating in one of the two highest rating categories of at least two (2) nationally recognized rating agencies. In the event such obligations are variable rate obligations, the interest rate on such obligations must be reset not less frequently than annually.

(h) Obligations the payment of the principal of and interest on which is unconditionally guaranteed by the full faith and credit of the United States of America.

"Issuer" means the Idaho Housing and Finance Association, an independent public body corporate and politic duly organized and existing under the laws of the State, and its successors and assigns.

"Issuer's Administration Fee" means the Issuer's administration fee payable on the Closing Date in the amount of 0.50% of the original principal amount of the Series 2024 Bonds at issuance and any Issuer's Administration Fee payable in connection with the issuance of Additional Bonds.

"Issuer's Annual Fee" means the Issuer's annual fee due on the Closing Date in an amount equal to 0.0625% of the Outstanding principal amount of the Series 2024 Bonds and due on the anniversary of the Closing Date each year thereafter in an annual amount equal to the greater of 0.0625% of the Outstanding principal amount of the Series 2024 Bonds or \$1,000, and any Issuer's Annual Fee payable in connection with the issuance of Additional Bonds.

"Issuer Documents" means, with respect to a Series of Bonds, the Loan Agreement, the Indenture, the Bond Purchase Agreement, the Tax Certificate and any other agreement, certificate, contract, or instrument to be executed by the Issuer in connection with the issuance of the Bonds or the financing of a portion of the expense associated with the Project.

"Issuer Indemnified Party" or "Issuer Indemnified Parties" means the Issuer and its past, present and future directors, board members, governing members, trustees, commissioners, elected or appointed officials, officers, employees, Authorized Representatives, attorneys, contractors, subcontractors, agents and advisers (including counsel and financial advisers) and each of their respective heirs, successors and assigns.

"Issuer's Unassigned Rights" means the rights of the Issuer to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment or reimbursement for expenses or appropriations under the Public Charter School Facilities Program, (d) receive payment of the Issuer's Administration Fee and the Issuer's Annual Fee, (e) immunity from and limitation of liability, (f) indemnification from liability by the Borrower, (g) take any action as provided under the Public Charter School Facilities Program, and (h) security for the Borrower's indemnification obligation.

"Land" means, collectively, the real estate, interests in real estate, and other real property rights described in Exhibit A to the Agreement, together with all real estate, interests in real estate,

interests in real property, and other real property rights made a part of the Land in connection with the substitution of such real estate and other real property rights pursuant to the Agreement or as the result of replacement of property taken in condemnation, or otherwise, less such real estate, interests in real estate and other real property rights released under the provisions of the Agreement or taken by the exercise of the power of eminent domain as provided in the Agreement.

“Letter of Representations” means the Letter of Representations from the Issuer to DTC.

“Loan Agreement” or “Agreement” means the Loan Agreement dated as of October 1, 2024, between the Issuer and Borrower.

“Long-Term Indebtedness” means all Indebtedness created, assumed or guaranteed by the Borrower that matures by its terms (in the absence of the exercise of any earlier right of demand), or is renewable at the option of the Borrower to a date, more than one year after the original creation, assumption, or guarantee of such Indebtedness by the Borrower.

“Maximum Annual Debt Service” means, as of any date of calculation, the highest Annual Debt Service Requirements with respect to all outstanding Indebtedness for any succeeding Fiscal Year but excluding the Annual Debt Service Requirements due at maturity of such Indebtedness.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Proceeds” means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys’ fees) incurred in the collection of such gross proceeds.

“New Facilities” means the Borrower’s new school facilities consisting of a new gymnasium building of approximately 10,000 square feet to be located on 1.86 acres of land adjacent to the Existing Facilities or on the same site as the Existing Facilities.

“Non-Appropriation” means the legislature of the State does not appropriate money under the Public Charter School Facilities Program to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

“Official Statement” means, as to a Series of Additional Bonds, the Official Statement prepared in connection with the sale of such Series of Bonds, and as to the Series 2024 Bonds, the Official Statement dated October \_\_, 2024.

“One-Time Expenditures” means any one-time expenses certified by the Borrower’s Superintendent or Chief Financial Officer as a non-recurring expense.

“Operating Expenses” means fees and expenses of the Borrower, incurred with respect to the Facilities, including maintenance, repair expenses, utility expenses, real estate taxes, insurance premiums, administrative and legal expenses, miscellaneous operating expenses, advertising costs, payroll expenses (excluding taxes), the cost of material and supplies used for current operations of the Borrower, the cost of vehicles, equipment leases and service contracts, taxes upon the operations of the Borrower not otherwise mentioned herein, charges for the accumulation of appropriate reserves for current expenses not annually recurrent, but which are such as may

reasonably be expected to be incurred in accordance with Generally Accepted Accounting Principles, all in such amounts as reasonably determined by the Borrower; provided, however, “Operating Expenses” shall not include (i) any allowance for depreciation, (ii) spending for items accounted for as capital expenditures under Generally Accepted Accounting Principles, or (iii) One-Time Expenditures.

“Opinion of Counsel” means an opinion in writing of legal counsel, who may be counsel to the Issuer, the Trustee or the Borrower.

“Outstanding” or “outstanding” means when used with respect to the Bonds, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at, or redemption prior to, maturity;

(b) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.1 hereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee;

(c) Bonds in lieu of which other Bonds have been authenticated under Section 2.6, 2.7 or 2.11 hereof; and

(d) Bonds owned by the Borrower.

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

“Person” includes an individual, association, corporation, partnership, joint venture or a government or an agency or a political subdivision thereof.

“Pledged Revenues” means, State Payments and the Charter School Facility Payments allocable to the Borrower plus all revenues, rentals, fees, third-party payments, receipts, donations, contributions or other income of the Borrower, to the extent permitted thereby and by law, including accounts receivables or other rights to receive such revenues, including, without limitation, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Borrower; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent permitted by the terms thereof and by law; provided, however, “Pledged Revenues” shall not include the Special Disbursements.

“Preliminary Official Statement” means the Preliminary Official Statement prepared in connection with the offering of the Series 2024 Bonds dated October \_\_, 2024, and as to a Series

of Additional Bonds, the Preliminary Official Statement prepared in connection with the sale of such Series of Bonds.

“Principal Payment Date” or “sinking fund payment date” means with respect to the Series 2024 Bonds, each May 1 commencing May 1, 2025, and with respect to any series of Additional Bonds, such other dates as shall be specified in a Supplemental Indenture.

“Project” means, individually or collectively, as the context requires, the Series 2024 Project and any other Series Project which is part of the financing or refinancing of the acquisition, construction, improvement and equipping of a charter school facility owned or leased by the Borrower.

“Project Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Promissory Notes” or “Notes” means, the Series 2024 Notes together with any promissory note or notes delivered by the Borrower to the Issuer in connection with the issuance of Additional Bonds, as provided in the related Loan Agreement.

“Protected Funds” means any: (a) funds transferred from the Debt Service Reserve Fund, other than funds in the Debt Service Reserve Fund which have not been on deposit in the Debt Service Reserve Fund for a period of at least 91 consecutive days, during which period no Act of Bankruptcy shall have occurred; (b) proceeds of any other bonds issued to refund in whole or part the Bonds, or any other payments made by a party other than the Borrower to purchase or pay debt service on the Bonds, or any other funds (so long as an Opinion of Counsel from legal counsel familiar with bankruptcy matters and acceptable to the Trustee is first filed with the Trustee stating in effect that the proceeds of such revenue bonds, or other payments or funds, as the case may be, to the Registered Owners, will not constitute voidable preferences under Section 547 of the Bankruptcy Code if the Borrower, the Issuer or other third party making the payments were to become a debtor under the Bankruptcy Code); (c) moneys held by the Trustee in the Bond Interest Fund and/or Bond Principal Fund for a period of at least 91 consecutive days, during which period no Act of Bankruptcy shall have occurred; (d) cash proceeds (as defined in the Idaho Uniform Commercial Code) of any collateral pledged to the Trustee to secure payment of the Bonds or each of the Borrower’s obligations under the Agreement which are delivered to the Trustee within 10 days after receipt thereof by the Borrower; (e) moneys received by the Trustee from the buyer or buyers as the result of the sale of the Facilities; and (f) investment earnings from the foregoing funds.

“Public Charter School Facilities Program” means the Public Charter School Facilities Program established under Section 33-5218, Idaho Code.

“Public Charter School Facilities Program Annual Fee” means the fee payable to the State Treasurer in the amount equal to 0.075% of the Outstanding principal amount of the Series 2024 Bonds, which shall be paid annually on the first anniversary of the Closing Date and subsequently on the same day of each year thereafter while the Series 2024 Bonds are outstanding, and any Public Charter School Facilities Program Annual Fee payable in connection with the issuance of Additional Bonds.

“Public Charter School Facilities Program Fund Disbursement” means a disbursement of funds by the State Controller from the Public Charter School Facilities Fund to the Trustee for deposit to the Revenue Fund and then immediate deposit by the Trustee to the Debt Service Reserve Fund pursuant to Idaho Code, Section 33-5218(7)(a)(iii).

“Public Charter School Facilities Program Fund Fee” means the fee payable to the State Treasurer on the Closing Date in the amount equal to 0.50% of the original principal amount of the Series 2024 Bonds at issuance, and any Public Charter School Facilities Program Fund Fee payable in connection with the issuance of Additional Bonds.

“Rating Agency” means Moody’s or any other nationally recognized rating agency which rates the Bonds.

“Rebate Amount” means the amount of arbitrage computed annually for payment as of the last day of every fifth (5th) Rebate Year and required to be rebated to the United States pursuant to Section 148 of the Code and Treasury Regulation section 1.148-2 and any successor regulation as may be applicable thereto.

“Rebate Analyst” means, upon written notice to the Trustee by an Authorized Representative of the Borrower, an independent certified public accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected and retained and compensated by the Borrower pursuant to Section 2.3 of the Agreement to make the computations and give the directions required under Section 3.16 of this Indenture.

“Rebate Fund” means the fund by that name created pursuant to Section 3.2 herein.

“Rebate Year” means as to a Series of Tax-Exempt Bonds the period beginning on the date of issuance of that Series of Tax-Exempt Bonds and ending on the day immediately prior to the next succeeding anniversary date of such issuance, and for all other Rebate Years, the one year period beginning on the day after the end of the preceding Rebate Year and ending on the day immediately prior to the following anniversary of the date of the issuance of the Bonds, as the case may be, unless the Borrower, the Issuer and the Trustee are advised by the Rebate Analyst that another period is required by law; provided, however, that the last Rebate Year for a Series of Tax-Exempt Bonds shall end on the date on which such Series of Tax-Exempt Bonds is paid and cancelled.

“Registered Owner” or “Owner” means the person or persons in whose name or names a particular Bond is registered on the registration records maintained for that purpose pursuant to Section 2.6 hereof.

“Registrar” means the Trustee or any successor Registrar.

“Regular Record Date” means the 15th calendar day of the month preceding each Interest Payment Date.

“Revenue Fund” means the fund by that name created pursuant to Section 3.2 herein.



“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services, LLC. “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Borrower by notice to the Trustee.

“Series” means a series of Bonds issued pursuant to this Indenture.

“Series 2024 Bonds” means the \$ \_\_\_\_\_ aggregate amount of the Series 2024A Bonds and the Series 2024B Bonds.

“Series 2024A Bonds” means the \$ \_\_\_\_\_ Idaho Housing and Finance Association Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) authorized by, and at any time outstanding pursuant to, the Indenture.

“Series 2024B Bonds” means the \$ \_\_\_\_\_ Idaho Housing and Finance Association Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) authorized by, and at any time outstanding pursuant to, the Indenture.

“Series 2024 Notes” means the \$ \_\_\_\_\_ aggregate amount of the Series 2024A Note and the Series 2024B Note.

“Series 2024A Note” means the Series 2024 Promissory Note relating to the Series 2024A Bonds executed by the Borrower in the aggregate principal amount of \$ \_\_\_\_\_ and made payable to the order of the Issuer, and assigned to the Trustee, a form of which is attached to the Agreement as Exhibit C-1.

“Series 2024B Note” means the Promissory Note relating to the Series 2024B Bonds executed by the Borrower in the aggregate principal amount of \$ \_\_\_\_\_ and made payable to the order of the Issuer, and assigned to the Trustee, a form of which is attached to the Agreement as Exhibit C-2.

“Series 2024 Project” (i) financing the acquisition of the Existing Facilities, (ii) financing the acquisition and construction of the New Facilities, (iii) funding a debt service reserve fund, and (iv) paying certain costs associated with the issuance of the Series 2024 Bonds.

“Series Project” means the portion of the Project related to a Series of Bonds.

“Short-Term Debt” means any Indebtedness other than Long-Term Indebtedness, consisting of notes, commercial paper, a bank line of credit or any other instrument to finance operating costs of the Borrower and including deposits into the Bond Interest Fund or the Bond Principal Fund.

“Special Counsel” means Givens Pursley LLP, Boise, Idaho.

“Special Disbursements” means all payments made by the State to the Trustee for certain designated purposes and which are not permitted to be used as Pledged Revenues; “Special

Disbursements” shall not include (i) Charter School Facility Payments and (ii) Foundation Payments.

“Special Record Date” means a special record date, which shall be a Business Day, fixed to determine the names and addresses of owners for purposes of paying interest on a special Interest Payment Date for the payment of defaulted interest, all as further provided in Section 2.4 hereof.

“State” means the State of Idaho.

“State Controller” means the State of Idaho Controller, or any successor thereto.

“State Department of Education” means the Idaho State Department of Education, or any successor thereto.

“State Payments” means the Foundation Payments, which are permitted to be used as Pledged Revenues; provided, however, “State Payments” shall not include Special Disbursements.

“State Treasurer” means the State of Idaho Treasurer.

“Supplemental Indenture” means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article X hereof.

“Taxable Bond Proceeds Account” means the account by that name within the Costs of Issuance Fund.

“Tax Certificate” means the Tax Certificate and Agreement of the Issuer and the Borrower, dated the date of issuance of the Series 2024A Bonds and any tax certificate of the Issuer and the Borrower dated the date of issuance of Additional Bonds.

“Tax-Exempt Bonds” means the Series 2024A Bonds and any Additional Bonds, the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof, is excludable from gross income of the owners of such Bonds for federal income tax purposes.

“Tax-Exempt Bond Proceeds Account” means the account by that name within the Costs of Issuance Fund.

“Title Company” means, with respect to the Series 2024 Bonds, Secured Land Transfers LLC dba TitleOne Corporation, 1101 W. River Street, Suite 201, Boise, Idaho 83702.

“Treasury Regulations” means the regulations promulgated by the United States Department of Treasury for the interpretation of the Code.

“Trust Estate” means the property pledged, assigned and mortgaged to the Trustee pursuant to the granting clauses hereof.

“Trustee” means Zions Bancorporation National Association, Boise, Idaho, designated as paying agent, registrar and trustee under this Indenture, or any successor corporate trustee.

“Trustee’s Expenses” means the reasonable and extraordinary expenses incurred by the Trustee under this Indenture, including reasonable counsel fees (including fees at trial or appellate proceedings).

“Trustee’s Fees” means the annual fee of the Trustee payable to the Trustee as Trustee, Registrar and Paying Agent under this Indenture, provided that such fee does not include amounts due, if any, for Trustee’s Expenses. The Borrower shall pay the Trustee’s Fee pursuant to the Agreement and the indemnification of the Trustee as provided in the Agreement.

“Underwriter” means Raymond James & Associates, Inc., acting on behalf of itself and as representative of the other underwriters of the Series 2024 Bonds, and their successors and assigns, or such other underwriter as is approved by the Issuer.

**Section 1.2 Indenture to Constitute Contract.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the Issuer with the Registered Owners of the Bonds and shall be deemed to be and shall constitute contracts among the Issuer, the Trustee and the Registered Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Bonds except as otherwise provided in Article VII hereof or with respect to moneys otherwise held to redeem or pay particular Bonds hereunder. All the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or pursuant to this Indenture.

## ARTICLE II

### AUTHORIZATION, TERMS, EXECUTION, AND ISSUANCE OF BONDS

**Section 2.1 Authorized Amount of Bonds.** No Bonds may be issued under this Indenture except in accordance with this Article. The total principal amount of Series 2024 Bonds that may be issued hereunder is hereby expressly limited to \$\_\_\_\_\_, except as provided in Sections 2.6, 2.7, 2.11 and 2.12 hereof.

**Section 2.2 All Bonds Equally and Ratably Secured by Trust Estate; Limited Obligation of Bonds and Pledges Securing the Same.** Except as hereinafter provided, all Bonds issued under this Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue or maturity of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture, and shall all be equally and ratably secured hereby.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THIS INDENTURE. NONE OF THE ISSUER’S FUNDS ARE PLEDGED TO PAY THE BONDS. THE BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR

CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE BONDS ARE NOT A DEBT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OR ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NONE OF THE STATE OF IDAHO, THE ISSUER, OR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF OR ANY MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM OF THE BONDS, THE INTEREST THEREON OR TO INCUR ANY LIABILITY IN CONNECTION THEREWITH OR TO INCUR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THIS INDENTURE, NOR SHALL ANY ASSET OF THE ISSUER BE AT RISK IN CONNECTION WITH THE BONDS, THE ISSUER HAS NO TAXING POWER.

### Section 2.3 Authorization and Form of Bonds.

(a) The Series 2024A Bonds shall be designated “Idaho Housing and Finance Association, Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement).” The aggregate principal amount of the Series 2024A Bonds that will be issued under this Indenture is \$\_\_\_\_\_. Each of the Series 2024A Bonds shall be numbered separately from RA-1 upwards. The Series 2024A Bonds shall be issued only in fully registered form in Authorized Denominations. The Series 2024A Bonds shall be issued for the purpose of providing funds to be loaned by the Issuer to the Borrower to finance a portion of the Costs of the Series 2024 Project and a portion of the costs of issuance of the Series 2024A Bonds.

(b) The Series 2024B Bonds shall be designated “Idaho Housing and Finance Association, Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable).” The aggregate principal amount of the Series 2024B Bonds that will be issued under this Indenture is \$\_\_\_\_\_. Each of the Series 2024B Bonds shall be numbered separately from RB-1 upwards. The Series 2024B Bonds shall be issued only in fully registered form in Authorized Denominations. The Series 2024B Bonds shall be issued for the purpose of providing funds to be loaned by the Issuer to the Borrower to pay a portion of the Costs of the Series 2024 Project and a portion of the costs of issuance of the Series 2024 Bonds.

(c) The Bonds shall be substantially in the forms set forth in Exhibit A-1 and Exhibit A-2 attached hereto, with such appropriate variations, omissions, and insertions as are permitted or required by this Indenture and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The Bonds may be typewritten, printed, lithographed, engraved, or produced in a similar manner. If any Bond is printed, any portion of the text of the Bond may be printed on the back of the Bond with an appropriate reference placed on the front of the Bond.

**Section 2.4 Terms of Bonds.** (a) The Series 2024A Bonds shall be dated as of the date of issuance, shall mature on May 1 in the years and in the amounts set forth below, and shall bear

interest at the following rates from the later of (i) the date of issuance or (ii) the most recent Interest Payment Date to which interest has been paid or provided for:

Year of Maturity (May 1)	<u>Amount</u>	<u>Rate</u>
*	\$	
<hr/>		
*Term Bond.		

(b) The Series 2024B Bonds shall be dated as of the date of issuance, shall mature on May 1 in the years and in the amounts set forth below, and shall bear interest at the following rates from the later of (i) the date of issuance or (ii) the most recent Interest Payment Date to which interest has been paid or provided for:

Year of Maturity (May 1)	<u>Amount</u>	<u>Rate</u>
*	\$	%
<hr/>		
*Term Bond.		

(b) The Bonds shall be subject to optional and mandatory redemption prior to maturity in the manner provided in Article V herein.

(c) Interest on the Bonds shall be paid on each Interest Payment Date until the principal thereof shall have been paid or provided for. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(d) Amounts due with respect to the Bonds shall be payable in lawful money of the United States. Payment of principal, premium, if any, and interest on the Bonds shall be paid by check mailed to the Registered Owner thereof at his or her address as it appears on the Bond Register Books on the Record Date. Upon written request of a Registered Owner of at least \$1,000,000 in principal amount of Bonds or all of any series of the Bonds, all payments of principal, premium, if any, and interest on such Bonds shall be paid by wire transfer (at the risk and expense of such Registered Owner) in immediately available funds to an account located in the United States designated by such Registered Owner upon fifteen (15) days prior written notice to the Trustee. CUSIP number identification with appropriate dollar amounts for each CUSIP number must accompany all payments of principal, premium, if any, and interest, whether by check or by wire transfer. Any interest on the Bonds not so timely paid or duly provided for shall cease to be payable to the Registered Owner thereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Registered Owners of the Bonds not less than 10 days prior thereto by first-class mail to each such Owner as shown on the registration records on the date selected by the Trustee stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

**Section 2.5 Execution of Bonds.** The Bonds shall be executed in the name and on behalf of the Issuer by the manual or facsimile signature of an Authorized Representative and be attested with the manual or facsimile signature of its Secretary-Treasurer.

In case any officer of the Issuer whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until authentication; and any Bond may be signed on behalf of the Issuer by such Persons as are at the time of execution of such Bond proper officers of the Issuer, even though at the date of this Indenture, such Person was not such officer.

**Section 2.6 Registration, Transfer and Exchange of Bonds; Persons Treated as Registered Owners.** The Issuer shall cause the Bond Register to be kept by the Trustee for the registration and for the transfer of the Bonds as provided in this Indenture. Upon surrender for transfer of any Bond at the designated office of the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute, and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like series and aggregate principal amount of the same maturity. The foregoing restrictions are required to comply with certain policy guidelines of the Issuer.

Bonds may be exchanged at the designated corporate trust office of the Trustee for a like series and aggregate principal amount of Bonds of the same maturity in Authorized Denominations. The Issuer shall execute, and the Trustee shall authenticate and deliver Bonds which the Registered Owner making the exchange is entitled to receive, bearing numbers not contemporaneously Outstanding. The execution by the Issuer of any Bond of any Authorized Denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond subject to redemption during the period of five (5) days next preceding the mailing of notice of redemption as herein provided except that Bonds not subject to redemption pursuant to Section 5.3 hereof, with respect to the Series 2024 Bonds, and in accordance with the related Supplemental Indenture with respect to any Additional Bonds, may be transferred or exchanged during such period in the event of redemption pursuant to Section 5.3 hereof. After the giving of such notice the Trustee shall not be required to transfer or exchange any Bond, which Bond or portion thereof has been called for redemption.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, except to the extent otherwise provided herein with respect to Regular Record Dates and Special Record Dates for the payment of interest, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Registered Owner thereof or his legal representative but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Trustee shall require payment by any Registered Owner requesting exchange or transfer of any tax or other generally imposed governmental charge required to be paid with respect to such exchange or transfer.

**Section 2.7 Lost, Stolen, Destroyed and Mutilated Bonds.** Upon receipt by the Issuer and the Trustee of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and upon surrender and cancellation of the Bond, if mutilated, (a) the Issuer shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same series, date, maturity and Authorized Denomination in lieu of such lost, stolen, destroyed or mutilated Bond or (b) if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the Trustee may pay such Bond. Any such new Bond shall bear a number not contemporaneously Outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the Issuer and of the Trustee in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments, or other securities.

**Section 2.8 Delivery of Series 2024 Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver the Series 2024 Bonds to the Trustee, and the Trustee shall authenticate the Series 2024 Bonds and deliver them to the initial purchaser thereof as directed by the Issuer and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Series 2024 Bonds, there shall have been filed with or delivered to the Trustee the following:

- (a) a resolution duly adopted by the Issuer, authorizing the execution and delivery of the Agreement, the Tax Certificate, the Bond Purchase Agreement and this Indenture and the issuance of the Series 2024 Bonds;
- (b) a duly executed copy of this Indenture, the Tax Certificate, the Agreement, the Deed of Trust, and the Continuing Disclosure Agreement;
- (c) the Series 2024 Notes duly executed by the Borrower and duly endorsed by the Issuer to the order of the Trustee;
- (d) the written order of the Issuer as to the delivery of the Series 2024 Bonds, signed by an Authorized Representative of the Issuer;
- (e) an opinion of Bond Counsel substantially to the effect that the Series 2024 Bonds constitute legal, valid and binding obligations of the Issuer and that the interest on the Series 2024A Bonds will be excludable from gross income for federal income tax purposes to the Beneficial Owners thereof;
- (f) an opinion of Special Counsel substantially to the effect that the Public Charter School Facilities Program does not violate Section 1 or 2 of the Article VIII of the Idaho Constitution;

(g) a binding commitment to issue a mortgagee's policy of title insurance as required by Section 4.9 of the Agreement from the Title Company;

(h) opinions of counsel with respect to the Borrower in form and substance acceptable to the Issuer, the Trustee, Underwriter and Bond Counsel;

(i) written certifications from the State Treasurer and the State Department of Education evidencing compliance with the issuance limitations set forth in Section 8(b) of the Public Charter School Facilities Program; and

(j) such other documents and opinions of counsel as the Issuer, the Underwriter, the Trustee or Bond Counsel may reasonably request.

**Section 2.9 Authentication Certificate.** The authentication certificate upon the Bonds shall be substantially in the form appended to the form of the Bonds attached hereto as Exhibit A. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed if manually signed by an authorized signatory of the Trustee, but it shall not be necessary that the same authorized signatory sign the certificate of authentication on all of the Bonds issued hereunder.

**Section 2.10 Cancellation and Destruction of Bonds.** Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.6 hereof, such Bonds shall be promptly cancelled and destroyed by the Trustee and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and the Borrower, if requested.

**Section 2.11 Temporary Bonds.** Pending the preparation of definitive Bonds, the Issuer may execute and the Trustee shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any Authorized Denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the Issuer. Every temporary Bond shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Issuer shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

**Section 2.12 Additional Bonds Authorized.** Additional Bonds secured by and payable solely from the Trust Estate may be issued in one or more additional series provided the following terms and conditions have been met:

(a) the Trustee has received a copy, duly certified by the Issuer, of the resolution enacted by the Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of a Supplemental Indenture, supplementing and amending this Indenture, which Supplemental Indenture shall not require the approval of the Registered Owners of the Bonds Outstanding, providing the date, interest rates and maturities of such Additional Bonds, options and requirements for redemption prior to maturity with respect to such Additional Bonds, deposit of proceeds to the various funds and accounts, including the Debt Service Reserve Fund, and such other terms as may be required by reason of the foregoing and which adopts the applicable provisions of this Indenture, and of an agreement supplementing and amending the Agreement;

(b) the Trustee and the Issuer have received an Opinion of Counsel to the Borrower in form and substance acceptable to the Trustee, the Issuer and Bond Counsel;

(c) the Trustee has received a certificate of an Authorized Representative of the Borrower to the effect that the Borrower is not in default under the Agreement or this Indenture, is not aware of any Events of Default under the Agreement or this Indenture and that such Indebtedness may be issued under Section 8.13 of the Agreement;

(d) the Trustee and the Issuer have received an opinion of nationally recognized municipal bond counsel to the effect that (i) the issuance of such Additional Bonds will not affect adversely the excludability from gross income for federal income tax purposes of interest on any Outstanding Tax-Exempt Bonds and (ii) the Additional Bonds to be delivered will be valid and legal special limited obligations of the Issuer in accordance with their terms and will be secured hereunder equally and on a parity with all other Bonds at the time Outstanding hereunder as to the assignment to the Trustee of the Trust Estate;

(e) the Trustee has received original executed counterparts of the agreement supplementing and amending the Agreement, the agreement supplementing and amending the Deed of Trust (if necessary), and the Supplemental Indenture supplementing and amending this Indenture;

(f) to the extent the Additional Bonds are issued pursuant to the Public Charter School Facilities Program, the Issuer has received and filed with the Trustee an opinion of Special Counsel substantially to the effect that the Public Charter School Facilities Program does not violate Section 1 or 2 of the Article VIII of the Idaho Constitution;

(g) the Trustee has received a request and authorization to the Trustee on behalf of the Issuer and signed by any Authorized Representative of the Issuer to authenticate and deliver such Additional Bonds to the purchasers therein identified, upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery;

(h) the Trustee will receive from the proceeds of the Additional Bonds or otherwise on the date of delivery of the Additional Bonds an amount equal to the additional Debt Service Reserve Fund Requirement for deposit into the Debt Service Reserve Fund;

(i) the Trustee and the Issuer have received an executed opinion of nationally recognized municipal bond counsel to the effect that (i) the Additional Bonds have been duly

authorized, executed and delivered and constitute the binding special limited obligations of the Issuer, enforceable in accordance with their terms, subject to normal bankruptcy exceptions, and (ii) the interest on such Additional Bonds is excluded from gross income for federal income tax purposes (unless it is intended that such interest be taxable);

(j) the Trustee has received evidence satisfactory to the Trustee that the Borrower is in good standing with the Authorizer and the charter agreement between the Borrower and the Authorizer has not been repealed;

(k) the Trustee has received a written certification from the Borrower that, after taking into consideration the Additional Bonds, it meets the requirements of Section 8.13 of the Agreement; and

(l) to the extent the Additional Bonds are issued pursuant to the Public Charter School Facilities Program, the Trustee has received written certifications from the State Treasurer and the State Department of Education evidencing compliance with the issuance limitations set forth in Section 8(b) of the Public Charter School Facilities Program.

The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer and in the Agreement to be performed by the Borrower shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in this Indenture.

Notwithstanding anything to the contrary contained in this Section 2.12, so long as the Series 2024 Bonds or any Additional Bonds issued pursuant to the Public Charter School Facilities Program remain Outstanding, all Additional Bonds issued hereunder must be issued under the Public Charter School Facilities Program unless otherwise approved by the Issuer.

### **Section 2.13 Book-Entry System.**

(a) Notwithstanding any other provision hereof, the Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities set forth in Section 2.4 hereof. Upon initial issuance, the ownership of each Bond shall be registered in the registration records kept by the Trustee in the name of the Registered Owner. Except as provided in Section 2.13(d) hereof, all of the Outstanding Bonds shall be registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the registration records kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Issuer, the Borrower, nor the Trustee shall have responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than a Registered Owner, as shown in the registration records kept by the Trustee, or any notice with respect to the Bonds, including any notice of redemption or (iii) the payment to any Participant or any other Person,

other than a Registered Owner, as shown in the registration records kept by the Trustee, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The Issuer, the Borrower and the Trustee may treat and consider the Person in whose name each Bond is registered in the registration records kept by the Trustee as the absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the registration records kept by the Trustee, or their respective attorneys duly authorized in writing, as provided in Section 2.6 hereof, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the registration records kept by the Trustee, shall receive a certificated Bond evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) The Trustee shall take all action necessary for all representations of the Issuer in the Letter of Representations with respect to the paying agents and the bond registrar, respectively, to at all times to be complied with.

(d) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Issuer, the Borrower and the Trustee and discharging its responsibilities with respect thereto under applicable law.

(ii) The Issuer, in its sole discretion and without the consent of any other Person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that:

(A) DTC is unable to discharge its responsibilities with respect to the Bonds, or

(B) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration records kept by the Trustee in the name of Cede & Co. or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subsection 2.13(d)(ii)(B) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 2.13(d)(i) or subsection 2.13(d)(ii)(A) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated to deliver Bond certificates at the expense of the Beneficial Owners of the Bonds, as described in

this Indenture, and the Bonds shall no longer be restricted to being registered in the registration records kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(e) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

### ARTICLE III REVENUES AND FUNDS

**Section 3.1 Pledge of Trust Estate.** Subject only to the rights of the Issuer to apply amounts under the provisions of this Article, a pledge of the Trust Estate to the extent provided herein is hereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and then or thereafter received by the Issuer shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the Issuer with respect to the Trust Estate and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

**Section 3.2 Establishment of Funds; Direction of State Payments.** The Issuer hereby establishes and creates the following funds, which shall be special trust funds held by the Trustee:

- (a) Bond Principal Fund;
- (b) Bond Interest Fund;
- (c) Debt Service Reserve Fund;
- (d) Cost of Issuance Fund and therein a Taxable Bond Proceeds Account and Tax-Exempt Bond Proceeds Account;
- (e) Rebate Fund;
- (f) Revenue Fund;
- (g) Project Fund and therein an Acquisition Account and a Gymnasium Account; and
- (h) Expense Fund.

The Trustee may create such other accounts and subaccounts under this Indenture as shall be necessary or desirable to provide for the accounting and application of moneys in accordance with this Indenture.

**Section 3.3 Payments into the Bond Principal Fund and the Bond Interest Fund.**

There shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate, as and when received (a) disbursements from the Revenue Fund as provided in Section 3.22 herein, (b) all moneys transferred to the Bond Principal Fund or Bond Interest Fund pursuant to Section 3.7, 3.13, or 6.3 hereof, (c) all other moneys deposited into the Bond Principal Fund or Bond Interest Fund pursuant to the Agreement or this Indenture, and (d) all other moneys received by the Trustee when accompanied by written directions from an Authorized Representative of the Borrower not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the Bond Principal Fund or Bond Interest Fund. There shall also be retained in the Bond Principal Fund and Bond Interest Fund, respectively, interest and other income received on investment of moneys in the Bond Principal Fund and Bond Interest Fund to the extent provided in Section 6.3 hereof. If the Trustee does not receive payments into the Revenue Fund for deposit into the Bond Principal Fund and the Bond Interest Fund pursuant to Section 5.1(a) of the Agreement by the fifth (5th) calendar day after any required payment date pursuant to Section 5.1(a) of the Agreement, the Trustee will immediately notify the Issuer and the Borrower of such nonpayment.

**Section 3.4 Use of Moneys in the Bond Principal Fund and the Bond Interest Fund.**

Except as provided in this Section and in Sections 3.16, 3.21, 6.3 and 8.5 hereof, moneys in the Bond Principal Fund shall be used solely for the payment of the principal of and premium, if any, on the Bonds as due, and moneys in the Bond Interest Fund shall be used solely for the payment of the interest on the Bonds as due.

**Section 3.5 Custody of the Bond Principal Fund and the Bond Interest Fund.** The Bond Principal Fund and the Bond Interest Fund shall be in the custody of the Trustee, but in the name of the Issuer and the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Bond Principal Fund to pay the principal of and premium, if any, on the Bonds as the same become due and payable, to withdraw sufficient funds from the Bond Interest Fund to pay the interest on the Bonds as the same becomes due and payable and to withdraw sufficient funds from the Bond Interest Fund or the Bond Principal Fund for other purposes authorized in Section 3.4 hereof.

Amounts on deposit in the Bond Principal Fund and the Bond Interest Fund shall: (a) be held in trust solely for the benefit of the Registered Owners and the Beneficial Owners; (b) be applied only in accordance with the provisions of this Indenture; and (c) except as otherwise set forth herein, the Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by the Borrower, the Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of either the Bond Principal Fund or the Bond Interest Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

**Section 3.6 Payments into the Debt Service Reserve Fund.** There shall be deposited into the Debt Service Reserve Fund, pursuant to Section 4.1 of the Agreement, \$\_\_\_\_\_ (representing the “Debt Service Reserve Fund Requirement”) of the proceeds of the Series 2024 Bonds. There shall also be deposited into the Debt Service Reserve Fund any appropriations made by the State under the Public Charter School Facilities Program and all other moneys required to be deposited therein pursuant to the Agreement or this Indenture, and moneys received by the Trustee when accompanied by written directions from an Authorized Representative of the Borrower that such moneys are to be paid into the Debt Service Reserve Fund. Amounts on deposit in the Debt Service Reserve Fund shall be invested pursuant to Section 6.1 herein. Interest and other income received on investments of Debt Service Reserve Fund moneys shall be transferred to the Bond Interest Fund so long as the Debt Service Reserve Fund is funded to an amount equal to the Debt Service Reserve Fund Requirement, as provided in Section 6.3 hereof and shall be credited each month against interest owed by the Borrower on the Promissory Notes pursuant to Section 5.1(a) of the Agreement. The Trustee shall certify to the Issuer and the State Treasurer by November 5 of each year the amount, if any, required to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

**Section 3.7 Use of Moneys in the Debt Service Reserve Fund.** Except as provided in Sections 3.16, 3.21 and 6.3(b) hereof, moneys in the Debt Service Reserve Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds in the event moneys in the Bond Principal Fund and in the Bond Interest Fund are insufficient to make such payments when due, whether on an Interest Payment Date, sinking fund redemption date, maturity date or otherwise.

Upon the occurrence of an Event of Default hereunder and the exercise by the Trustee of the remedy specified in Section 10.2(a) of the Agreement and Section 8.2(a) hereof, any moneys in the Debt Service Reserve Fund shall be transferred by the Trustee to the Bond Interest Fund, and with respect to any moneys in excess of the amount required to be transferred to the Bond Interest Fund, to the Bond Principal Fund and applied in accordance with Section 8.5 hereof. On the final maturity date of the Bonds any moneys in the Debt Service Reserve Fund may be used to pay the principal of and interest on the Bonds on such final maturity date. In the event of the redemption of the Bonds in whole (or in part pursuant to Section 5.3A hereof), any moneys in the Debt Service Reserve Fund shall be transferred to the Bond Principal Fund and applied to the payment of the principal of and premium, if any, on the Bonds.

The Trustee shall value the Investment Obligations in the Debt Service Reserve Fund on each Interest Payment Date at the lesser of their market value plus accrued interest to the valuation date or cost. The weighted average maturity of the Investment Obligations in the Debt Service Reserve Fund shall not exceed two (2) years. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is greater than the Debt Service Reserve Fund Requirement, such excess shall be transferred by the Trustee to the Bond Interest Fund and credited in accordance with Section 3.3 hereof. If on any valuation date the amount in the Debt Service Reserve Fund (determined pursuant to this Section) is less than the Debt Service Reserve Fund Requirement, the Trustee shall immediately notify the Borrower in writing of the amount of such deficit and request that the Borrower deposit with the Trustee such amount in equal monthly installments to be paid on the next succeeding Disbursement Dates such that the amount

on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement prior to May 1 of each year.

Within two (2) Business Days of any transfer of funds from the Debt Service Reserve Fund to the Bond Principal Fund or the Bond Interest Fund because of a deficiency therein, the Trustee shall give written notice to the Borrower of such transfer and of the amount of the deficiency, if any, of amounts then on deposit in the Debt Service Reserve Fund as of such date and request that the Borrower deposit with the Trustee an amount equal to such deficiency within three (3) Business Days of the date of the Trustee's notice. If the Borrower has not deposited with the Trustee an amount sufficient to cure the deficiency within the Debt Service Reserve Fund within three (3) Business Days of the date of the Trustee's notice, then the Trustee shall immediately give written notice to the Issuer, the State Treasurer and the State Controller of the deficiency within the Debt Service Reserve Fund and in no event shall such notice be given later than ten (10) calendar days after such transfer of funds from the Debt Service Reserve Fund. A Public Charter School Facilities Fund Disbursement received by the Trustee from the State Controller in response to the State Controller's receipt of the notice set forth above shall be immediately deposited by the Trustee to the Debt Service Reserve Fund pursuant to this section and Section 3.22 hereof.

Amounts on deposit in the Debt Service Reserve Fund shall be: (a) held in trust solely for the benefit of the Registered Owners and the Beneficial Owners; (b) be applied only in accordance with the provisions of this Indenture; and (c) except as otherwise set forth herein, the Borrower shall have no legal, equitable nor reversionary interest in, or right to, such amounts. In the event of any Act of Bankruptcy by a Borrower, such Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of the Debt Service Reserve Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

**Section 3.8 Custody of the Debt Service Reserve Fund.** The Debt Service Reserve Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Debt Service Reserve Fund to pay the principal of, premium, if any, and interest on the Bonds and for the purpose described in Section 3.16(iii) hereof, which authorization and direction the Trustee hereby accepts. In the event there shall be a deficiency in the Bond Principal Fund or the Bond Interest Fund on any payment date for the Bonds, the Trustee shall promptly transfer the amount of such deficiency from the Debt Service Reserve Fund.

**Section 3.9 Payments Into and Use of Moneys in the Project Fund; Disbursements.**

The balance of the proceeds of the issuance and delivery of the Series 2024 Bonds remaining after the deposits required by Sections 3.3, 3.6, 3.12 and 3.23 hereof shall be deposited in the Acquisition Account and the Gymnasium Account of the Project Fund in the respective amounts set forth in the Closing Memo; and on the Closing Date for the Series 2024 Bonds the Trustee shall immediately disburse from the Acquisition Account of the Project Fund the amounts and to the payees set forth in the Closing Memo.

The remaining moneys on deposit in the Project Fund shall only be disbursed to the Borrower (i) upon satisfaction of the requirements set forth in Section 4.2 of the Agreement and (ii) upon submission by the Borrower to the Trustee of a requisition signed by an Authorized

Representative of the Borrower and approved in writing by the Consulting Architect in the form attached as Exhibit B to the Agreement or, if such requisition states that it does not relate to a construction cost, in the form attached as Exhibit B to the Agreement but signed only by an Authorized Representative of the Borrower.

The Trustee is hereby authorized and directed to transfer moneys on deposit in the Project Fund to make each disbursement required by the provisions of Section 4.2 of the Agreement.

The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and shall provide periodic statements of transactions to the Borrower and to the Issuer, upon request.

In the event that the Borrower fails to satisfy the requirements set forth in Section 4.2 of the Agreement relating to the disbursement of any proceeds held in the Gymnasium Account within the Project Fund on or before September 1, 2026, the Trustee shall cause the Series 2024A Bonds to be redeemed pursuant to Section 5.5. hereof.

Not later than the third anniversary of the Closing Date (as such date may be extended by delivery to the Trustee of an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes and such extension is permitted by the Act and this Indenture), any balance remaining in the Project Fund from the proceeds of Series 2024A Bonds shall without further authorization be transferred by the Trustee from the Project Fund for deposit in the Bond Principal Fund and used to pay the maturing principal of the Series 2024A Bonds.

With respect to each Series of Additional Bonds, the amount deposited in the related subaccount of the Project Fund shall be provided for in the related Supplemental Indenture.

**Section 3.10 Reserved.**

**Section 3.11 Custody of the Project Fund.** The Project Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the appropriate subaccounts of the Project Fund for Costs of the Project requisitioned by the Borrower using a requisition in the form attached to the Agreement as Exhibit B, which authorization, and direction the Trustee hereby accepts. In the event of any Act of Bankruptcy by the Borrower, the Borrower undertakes pursuant to the Loan Agreement in no event to assert, claim or contend that any portion of the Project Fund is property of its bankruptcy estate as defined by 11 U.S.C. § 541.

**Section 3.12 Payments into and Use of Moneys in the Cost of Issuance Fund.** There shall be deposited into the Tax-Exempt Bond Proceeds Account within the Cost of Issuance Fund, pursuant to Section 4.1 of the Agreement, \$ \_\_\_\_\_ from the proceeds of the Series 2024A Bonds and there shall be deposited into the Taxable Bond Proceeds Account within the Cost of Issuance Fund, pursuant to Section 4.1 of the Agreement, \$ \_\_\_\_\_ from the proceeds of the Series 2024B Bonds, and with respect to each Series of Additional Bonds, there shall be deposited into the Cost of Issuance Fund, the amount as provided in the related Supplemental Indenture. There shall also be retained in the Cost of Issuance Fund interest and any other income received on investments of Cost of Issuance Fund moneys as provided in Section 6.3 hereof. Such



moneys shall be expended to pay issuance expenses in accordance with the provisions of Section 4.4 of the Agreement subject to the requirements of Section 3.16 hereof. The Trustee is hereby authorized and directed to issue its checks and/or wires on the Cost of Issuance Fund for each payment in accordance with Section 4.4 of the Agreement; provided, however, the Trustee is authorized and directed on the Closing Date to pay upon receipt of an invoice from the payee's set forth in the Closing Memo the amounts not to exceed those as set forth therein from the respective accounts within the Cost of Issuance Fund as indicated in such Closing Memo.

The Trustee shall keep and maintain adequate records pertaining to the Cost of Issuance Fund and all payments therefrom, which shall be open to inspection by the Borrower, the Issuer, or their duly authorized agents during normal business hours of the Trustee.

**Section 3.13 Termination of Cost of Issuance Fund.** Any amounts remaining on deposit in the Cost of Issuance Fund on January 1, 2025, shall be transferred to the Bond Interest Fund and the Cost of Issuance Fund terminated. The termination of the Cost of Issuance Fund as it relates to a Series of Additional Bonds shall be provided for in the related Supplemental Indenture.

**Section 3.14 Custody of the Cost of Issuance Fund.** The Cost of Issuance Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer authorizes and directs the Trustee to withdraw sufficient funds from the Cost of Issuance Fund for the purposes set forth in Section 4.4 of the Agreement and Section 3.12 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.15 Reserved.**

**Section 3.16 Rebate Fund.** There shall be established for each Series of Tax-Exempt Bonds a separate subaccount in the Rebate Fund related to such Series of Tax-Exempt Bonds. There shall be deposited in each subaccount of the Rebate Fund as and when received (i) investment income on moneys in the related Funds to the extent provided in the direction of the Borrower pursuant to Section 4.7 of the Agreement and subject to the limitations in Section 6.3 hereof, (ii) moneys received from the Borrower pursuant to Section 5.1(c) of the Agreement, (iii) moneys transferred to the Rebate Fund from the Cost of Issuance Fund, the Project Fund, the Bond Principal Fund, the Bond Interest Fund, and the Debt Service Reserve Fund pursuant to the provisions of this Section, and (iv) all other moneys received by the Trustee when accompanied by written directions not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the related subaccount of the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Certificate) at the times and in the amounts set forth in the Borrower's direction pursuant to Section 4.7 of the Agreement.

Within 60 days after the end of each fifth Rebate Year, hereafter, and upon receipt of the Certificate of Borrower required under Section 4.7 of the Agreement, the Trustee, shall deliver to the Issuer a certificate stating that the following actions have been taken as required by this Indenture and the Tax Certificate including, but not limited to, (a) any required arbitrage rebate calculations, which the Borrower shall perform annually, (b) the transfer of funds to the Rebate Fund to reserve if needed for the anticipated Rebate Amount has been made by Trustee, if any,

which transfer the Trustee shall make at the direction of the Borrower annually in accordance with Section 4.7 of the Agreement, and (c) payment of the Rebate Amount, if any, by Borrower, in accordance with section 148(f) of the Code.

If, upon the certification required by the immediately preceding paragraph, the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, subject to the provision of Section 6.3 hereof, the Trustee, after first delivering a demand for such deficiency to the Borrower and no money for such purpose is provided by the Borrower, shall transfer moneys to the Rebate Fund from the following Funds in the following order of priority: the Cost of Issuance Fund, the Project Fund, the Bond Principal Fund, and the Bond Interest Fund. This Section shall supersede all other Sections of this Indenture, in order that the excludability from gross income for the purposes of federal income taxation of interest on the Tax-Exempt Bonds shall not be adversely affected due to inadequate funds in the Rebate Fund, unless the total amount held by the Trustee under all Funds established hereunder is insufficient, and no money for such purpose is provided by the Borrower.

If at any time the Borrower is required to retain the Rebate Analyst but fails to do so, then the Trustee shall retain a Rebate Analyst, at the expense of the Borrower, to calculate the Rebate Amount. If the Trustee is required to retain or pay the Rebate Analyst, then the Trustee, after delivering to the Borrower a demand for payment of an amount sufficient to pay the Rebate Analyst, shall withdraw such amount as may be needed to pay the Rebate Analyst: first, from the Expense Fund and, second, from the Cost of Issuance Fund, the Project Fund, the Bond Principal Fund and the Bond Interest Fund.

The Trustee shall have the right, but shall not be obligated, to seek written instructions from any Rebate Analyst as it deems necessary, concerning any payments to be made by it from the Rebate Fund and shall be free from any liability for acting in accordance with such reasonable instructions.

The Trustee, on behalf of the Issuer, is hereby directed to pay to the United States Treasury from time to time at the written direction of the Borrower in the amounts as required by the report of the Rebate Analyst, provided that the Trustee shall pay over to the United States Treasury: (1) at least once each five years after the issuance date of a Series of Tax-Exempt Bonds within 60 days of the date as of which the Rebate Amount was calculated, an amount equal to 90% of the Rebate Amount allocable to that Series of Tax-Exempt Bonds as of such date (and not theretofore paid to the United States Treasury) and (2) not later than 60 days after the redemption, payment at maturity or other retirement of the last bond of a Series of Bonds, 100% of the Rebate Amount allocable to such Series of Tax-Exempt Bonds.

The Trustee shall retain records of the determination of the amount required to be deposited in the Rebate Fund, of the proceeds of any investments of money in the Rebate Fund, and of the amounts paid to the United States Treasury until the date six years after the discharge of the last of the Tax-Exempt Bonds.

**Section 3.17 Custody of the Rebate Fund.** The Rebate Fund shall be in the custody of the Trustee but in the name of the Issuer and the Issuer authorizes and directs the Trustee to

withdraw funds from the Rebate Fund for the purposes set forth in Section 3.16 hereof, which authorization and direction the Trustee hereby accepts.

**Section 3.18 Nonpresentation of Bonds.** In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof, including accrued interest thereon, shall have been deposited into the Bond Principal Fund and Bond Interest Fund or otherwise made available to the Trustee for deposit therein, then on and after the date said principal becomes due, all interest thereon shall cease to accrue and all liability of the Issuer to the Registered Owner or Registered Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Registered Owner or Registered Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his, her or their part under this Indenture with respect to said Bond or on, or with respect to, said Bond. Such moneys shall not be required to be invested during such period by the Trustee. If any Bond shall not be presented for payment within the period of five (5) years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the Borrower such funds theretofore held by it for payment of such Bond and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Borrower. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

**Section 3.19 Moneys to be Held in Trust.** All moneys required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and, except for moneys deposited with or paid to the Trustee for the payment or redemption of specific Bonds and moneys held by the Trustee in the Rebate Fund, the Cost of Issuance Fund, and in the separate trust accounts pursuant to Sections 3.18 and 3.20 hereof (to the extent, in the case of moneys held pursuant to Section 3.20 hereof, such moneys are held pending disbursement for repair or replacement of the Facilities), shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Moneys held in the Rebate Fund shall be held in trust by the Trustee and shall be applied as provided in Section 3.16 hereof.

**Section 3.20 Insurance and Condemnation Proceeds.** Reference is hereby made to the provisions of the Agreement wherein it is provided that under certain circumstances the Net Proceeds of insurance payments and condemnation awards are to be paid to the Trustee and to be disbursed and paid out as therein provided. The Trustee hereby accepts and agrees to perform such duties and obligations specified in the Agreement. The Trustee shall fully cooperate with the Borrower in the handling and conduct of any prospective or pending insurable event or condemnation proceeding with respect to the Facilities or any part thereof. The Trustee may also establish temporary funds or accounts, as necessary, in its books or records to facilitate compliance with the provisions of Section 7.1 of the Agreement.

**Section 3.21 Repayment to the Borrower from the Funds.** Any amounts remaining in the Funds after payment in full of the Bonds (or the establishment of an irrevocable trust for such payment), the fees and expenses of the Trustee and all other amounts required to be paid hereunder

and under the Agreement to the Issuer and the Trustee (including payments into the Rebate Fund and to the United States), shall be paid to the Borrower upon the expiration of the term of this Indenture.

**Section 3.22 Revenue Fund.** There shall be deposited in the Revenue Fund as and when received, all Loan Payments as defined in the Agreement and all other monies deposited into the Revenue Fund, including all (i) State Payments and (ii) Charter School Facility Payments deposited to the Revenue Fund by the Trustee in the event that State Payments are not sufficient to make the disbursements as set forth in this Section 3.22, pursuant to the Agreement or this Indenture. Special Disbursements and other funds received by the Trustee from the State for various federal or State programs unrelated to State Payments and unrelated to Charter School Facility Payments will be transmitted within one Business Day directly to the Borrower.

The Trustee, upon giving notice to the Issuer, the State Treasurer, and the State Controller of a deficiency within the Debt Service Reserve Fund pursuant to Section 3.7 hereof, and the subsequent receipt by the Trustee of a Public Charter School Facilities Program Fund Disbursement, shall immediately deposit such amount to the Debt Service Reserve Fund.

On each Disbursement Date specified below, the Trustee shall, from monies held on deposit in the Revenue Fund, make disbursements and transfers in the following order of priority, the requirements of each such disbursement or transfer (including the making up of any deficiencies resulting from Loan Payments, State Payments and Charter School Facility Payments which were not sufficient to make disbursements or transfers due on any prior Disbursement Date) on the specified Disbursement Date to be satisfied, and the results of such satisfaction being taken into account before any disbursement or transfer is made subsequent in priority:

- FIRST: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, for deposit in the Bond Interest Fund (after taking into consideration earnings or capitalized interest amounts then on deposit in the Bond Interest Fund), (a)(i) with respect to State Payments made in August, an amount equal to 50% of the interest on the Bonds due during the then current Fiscal Year; (ii) with respect to State Payments made in November, an amount equal to 25% of the interest on the Bonds due during the then current Fiscal Year; and (iii) with respect to State Payments made in February, an amount equal to 25% of the interest on the Bonds due during the then current Fiscal Year; plus (b) on any Disbursement Date, including May and July, from State Payments and/or Charter School Facility Payments, all amounts due as to interest on the Bonds on the immediately preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Interest Fund;
- SECOND: on the Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, for deposit in the Bond Principal Fund, (a)(i) with respect to State Payments made in August, an amount equal to 50% of the principal on the Bonds due during the then current Fiscal Year; (ii) with respect to State Payments made in November, an amount equal to 25% of the principal on the Bonds due during the then current Fiscal Year; and (iii)

with respect to State Payments made in February, an amount equal to 25% of the principal on the Bonds due during then current Fiscal Year; plus (b) on any Disbursement Date, including May and July, from State Payments and/or Charter School Facility Payments, all amounts due as to principal on the Bonds on the immediately preceding Disbursement Date as described in this paragraph which have not otherwise been credited or transferred to the Bond Principal Fund;

THIRD: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, (i) first, to the Debt Service Reserve Fund, the amount required, if any, under Section 3.7 hereof, to restore the balance in the Debt Service Reserve Fund to the Debt Service Reserve Requirement prior to November 1 of each year in equal installments;

FOURTH: on the Disbursement Date following the last Business Day of every Rebate Year and continuing on each Disbursement Date thereafter until the full amount is so paid, to the Rebate Fund, any amount, as directed by Borrower to the Trustee, required of the Borrower to be deposited in the Rebate Fund;

FIFTH: on each Disbursement Date, excluding July, commencing after the date of issuance of the Series 2024 Bonds (i) to the Expense Fund, an amount equal to one-fourth of the Trustee's Fees and Trustee's Expenses due on the next invoiced date, plus (ii) to the Expense Fund, an amount equal to one-fourth of the Issuer's Annual Fee due on the next invoiced date, plus (iii) to the Expense Fund, an amount equal to one-fourth of the Public Charter School Facilities Program Annual Fee due on the next invoiced date, plus (iv) to the Expense Fund, an amount equal to one-fourth of the annual Rating Agency surveillance fee due on the next invoiced date, plus (v) to the Expense Fund, an amount equal to the Rebate Analyst its Rebate Analyst fee, plus (vi) any amount previously due as described under (i), (ii), (iii), (iv) or (v) of this paragraph but that remains unpaid because of an insufficiency in Pledged Revenues available therefore;

SIXTH: on each Disbursement Date commencing after the date of issuance of the Series 2024 Bonds, all amounts remaining on deposit in the Revenue Fund after the Trustee has made the disbursements required in FIRST through FIFTH above, to the Borrower, if not in default under the Agreement.

Provided however, in any year in which the Borrower receives an Advance Payment, the payments described in (a)(i) of the FIRST paragraph and (a)(i) of the SECOND paragraph above shall be, respectively, as follows:

FIRST: (a)(i)(A) with respect to an Advance Payment made in July, an amount equal to 25% of the interest on the Bonds due during the then current Fiscal Year and (B) with respect to the State Payments made in August, an amount equal to 25% of the interest on the Bonds due during the then current Fiscal year.

SECOND: (a)(i)(A) with respect to an Advance Payment made in July, an amount equal to 25% of the Principal on the Bonds due during the then current Fiscal Year and (B) with respect to the State Payments made in August, an amount equal to 25% of the Principal on the Bonds due during the then current Fiscal Year.

The Trustee shall apply the funds comprising the Loan Payments as set forth in this Section 3.22 hereof. Any Loan Payments remaining on deposit with the Trustee after all monthly payments required by this Section 3.22 hereof have been made shall be transferred within one Business Day by the Trustee to the operations account of the Borrower, which account information shall be provided to the Trustee in writing by the Borrower.

In the event that the dates of the State Payments are changed, the Trustee shall determine (with the services of a Management Consultant if needed) new scheduled deposit dates and amounts which will adequately provide for timely payments of the Bonds and expenses related thereto.

Further, on any Disbursement Date if the amount of the State Payment received by the Trustee is insufficient to make the disbursements required in the FIRST through FIFTH paragraphs above, the Trustee shall within (2) Business Days of such Disbursement Date give written notice to the Issuer, the State Treasurer, and the State Controller.

**Section 3.23 Expense Fund.** There shall be deposited into the Expense Fund, as and when received (a) all moneys transferred from the Revenue Fund to the Expense Fund pursuant to Section 3.22 hereof, (b) all other moneys required to be deposited therein pursuant to the Agreement or this Indenture, and (c) all other moneys received by the Trustee when accompanied by directions from an Authorized Representative of the Borrower not inconsistent with the Agreement or this Indenture that such moneys are to be paid into the Expense Fund.

**Section 3.24 Use of Moneys in the Expense Fund.** The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Expense Fund to pay the following expenses as invoiced in the following order of priority: (a) to the Trustee an amount equal to the annual Trustee's Fees and Trustee's Expenses; (b) to the Issuer an amount equal to the Annual Issuer's Fee; (c) to the State Treasurer an amount equal to the Public Charter School Facilities Program Annual Fee; (d) to the Rating Agency, its annual surveillance fee; and (e) to the Rebate Analyst its Rebate Analyst fee.

#### ARTICLE IV

#### COVENANTS OF THE ISSUER

**Section 4.1 Performance of Covenants.** The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all proceedings of the Issuer pertaining thereto. The Issuer covenants, represents, warrants, and agrees that:

(a) The Issuer is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to: (i) issue the Bonds and to execute and deliver this

Indenture, and (ii) pledge and assign the Trust Estate in the manner and to the extent herein set forth for the benefit of the Registered Owners to secure the payment of principal and interest and any premium on the Bonds in accordance with the terms and provisions of this Indenture and the Bonds.

(b) All actions on its part required for the issuance of the Bonds and the execution and delivery of the Issuer Documents have been duly and effectively taken or will be duly taken as provided herein.

(c) This Indenture is a valid and enforceable instrument of the Issuer and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof, except as the enforceability thereof may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or against public corporations such as the Issuer and by the application of general principles of equity.

**Section 4.2 Instruments of Further Assurance.** The Issuer covenants that at the expense of the Borrower, it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Issuer's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record, or file any such instruments or transfers.

**Section 4.3 Payment of Principal, Premium, if any, and Interest.** The Issuer will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from the Trust Estate, which is hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the Issuer other than those pledged hereby or creating any liability of the Issuer's officers, board members, counsel, employees or other agents.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THIS INDENTURE. NONE OF THE ISSUER'S FUNDS ARE PLEDGED TO PAY THE BONDS. THE BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE BONDS ARE NOT A DEBT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OR ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NONE OF THE STATE OF IDAHO, THE ISSUER, OR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF OR ANY

MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM OF THE BONDS, THE INTEREST THEREON OR TO INCUR ANY LIABILITY IN CONNECTION THEREWITH OR TO INCUR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THIS INDENTURE, NOR SHALL ANY ASSET OF THE ISSUER BE AT RISK IN CONNECTION WITH THE BONDS, THE ISSUER HAS NO TAXING POWER.

**Section 4.4 [Reserved].**

**Section 4.5 Unrelated Bond Issues.** Subsequent to issuance of the Bonds, the Issuer expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Issuer between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

**Section 4.6 Security Instruments.** The Trustee has or will receive a recorded Deed of Trust and filed financing statements, as recorded with the Bonneville County recorder's office, or filed with the Idaho Secretary of State, accordingly (in the form prepared on the date of issuance of the Bonds). The Trustee will cooperate with the Borrower in causing all supplements and amendments thereto to be recorded, registered, and filed by the Borrower. The Trustee shall cause any continuation statements to be filed as required by law with the cooperation of the Borrower. Any recording expenses will be paid for by the Borrower.

**Section 4.7 Rights Under the Agreement.** The Issuer will observe all the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The Issuer agrees that to the extent the Agreement gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Agreement shall be as though it were set out in this Indenture in full.

The Issuer agrees that the Trustee as assignee of the Agreement may enforce, in its name or in the name of the Issuer, all rights of the Issuer and all obligations of the Borrower under and pursuant to the Agreement (subject to certain exceptions stated in the granting clauses hereof including the Issuer's Unassigned Rights) for and on behalf of the Registered Owners, whether or not the Issuer is in default hereunder.

**Section 4.8 Performance Obligations.** Any performance by the Issuer of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the Issuer for all covenants hereunder, shall be limited solely to the Trust Estate, including revenues and receipts derived from the Agreement, the Promissory Notes and the Deed of Trust,

and the Issuer and its officers and directors shall not be responsible for its or their duties, obligations, powers or covenants hereunder except to the extent of the Trust Estate.

Subject to Section 4.3 hereof, the Issuer shall have no liability or obligation with respect to the payment of the principal of, premium, if any, or interest on the Bonds. None of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged hereunder, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping, it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Indenture, in every Bond executed, authenticated, and delivered hereunder, in the Agreement and in all of its proceedings pertaining thereto; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee, and (b) the Issuer shall have received the instrument to be executed, and, at the Issuer's option, shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument.

The Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Issuer's Unassigned Rights) and all obligations of the Borrower under and pursuant to the Agreement and on behalf of the Registered Owners, whether or not the Issuer has undertaken to enforce such rights and obligations.

**Section 4.9 Limitations on Liability.** Notwithstanding any other provision of this Indenture to the contrary:

- (a) The obligations of the Issuer with respect to the Bonds are not general obligations of the Issuer but are limited obligations of the Issuer payable by the Issuer solely from the Trust Estate.
- (b) Nothing contained in the Bonds or in this Indenture shall be considered as assigning or pledging any funds or assets of the Issuer other than the Trust Estate.
- (c) The Bonds are not and will not be a debt of the State, the Issuer or of any other political subdivision of the State, and none of the State, the Issuer or any other political subdivision of the State is or will be liable for the payment of the Bonds.
- (d) Neither the faith and credit nor the taxing power of the Issuer, the State nor of any other political subdivision of the State are pledged to the payment of the principal of and interest and any premium on the Bonds.

(e) No failure of the Issuer to comply with any term, condition, covenant, or agreement in this Indenture or in any document executed by the Issuer in connection with the Deed of Trust, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs, or other charges except to the extent that the same can be paid or recovered from the Trust Estate.

(f) The Issuer shall not be required to advance any money derived from any source other than the Trust Estate, Net Income Available for Debt Service and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture.

**Section 4.10 Tax Covenants.** The Issuer agrees that:

- (a) it will neither make nor direct the Trustee to make any investment or other use of the proceeds of any Tax-Exempt Bonds that would cause any Tax-Exempt Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code and that it will comply with the requirements of the Code throughout the term of any Tax-Exempt Bonds;
- (b) it (i) will take, or use its best efforts to require to be taken, all actions that may be required of the Issuer for the interest on any Tax-Exempt Bonds to be and remain not included in gross income for federal income tax purposes and (ii) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code; and
- (c) it will not take any action or permit or suffer any action to be taken if the result of the same would be to cause any Tax-Exempt Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

In furtherance of the covenants in this Section 4.10, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Indenture and made a part of this Indenture (which incorporation shall not be construed as imposing additional duties or obligations on the Trustee in addition to those contained herein and in the Tax Certificate), and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Indenture by this reference. The Trustee agrees that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with paragraph (a).

It is understood that the Borrower has assumed in the Agreement the responsibility of complying with the requirements of the Code to preserve the federal income tax exemption of the interest on any Tax-Exempt Bonds.

ARTICLE V

REDEMPTION OF BONDS PRIOR TO MATURITY

Section 5.1 Optional Redemption of Bonds.

(a) The Series 2024A Bonds are subject to redemption at the option of the Issuer (which option shall be exercised upon written direction of an Authorized Representative of the Borrower) from prepayment of the Series 2024A Notes made by the Borrower pursuant to Section 11.1 of the Agreement in whole or in part on any Business Day on or after May 1, 2034, at a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the date fixed for redemption.

The Series 2024B Bonds are not subject to optional redemption.

(b) In case of optional redemption described in paragraph (a) above, the Borrower shall, at least 45 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Trustee), deliver a written request to the Issuer and the Trustee notifying the Issuer and the Trustee of such redemption date, of the principal amount of Bonds to be redeemed and evidence of the Borrower's ability to deliver Protected Funds to redeem such Bonds on the anticipated redemption date, and shall deliver to the Trustee, on or before the date set for such redemption, Protected Funds sufficient to pay the redemption price of all Bonds subject to redemption.

Section 5.2 Redemption of Bonds Upon Damage, Destruction, Condemnation or Failure to Complete.

(a) The Bonds may be redeemed at the option and upon the written direction of an Authorized Representative of the Borrower to the Issuer and the Trustee, in whole or in part on any Business Day from and to the extent of funds on deposit under this Indenture and available for this purpose at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the redemption date, upon the occurrence of any of the following events:

(i) The Facilities shall have been damaged or destroyed in whole or in part to such extent that, as expressed in a Consulting Architect's Certificate filed with the Trustee, either (A) the Facilities cannot reasonably be restored within a period of 12 consecutive months to the condition thereof immediately preceding such damage or destruction, (B) the Borrower is thereby prevented from carrying on its normal operations for a period of 12 consecutive months, (C) the cost of restoration thereof would exceed the Net Proceeds of insurance carried thereon pursuant to the requirements of Section 6.3 of the Agreement or (D) the final maturity of the Bonds is within five (5) years of the date of such damage or destruction.

(ii) Title to, or the temporary use of, all or any substantial part of the Facilities shall have been taken under the exercise of the power of eminent domain by any governmental issuer, or Person, firm or corporation acting under governmental authority or because of a defect in title.

(iii) As a result of any changes in the Constitution of the State or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or by final decree, judgment or order of any court or administrative body (whether state or federal) entered after the contest thereof by the Borrower in good faith, the Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purposes of the parties as expressed in the Agreement. Redemption pursuant to this subsection (iii) shall be in whole only.

Only Net Proceeds of insurance or a condemnation award shall be used for a partial redemption of Bonds pursuant to subsections (a)(i) or (ii) of this Section 5.2.

Section 5.3 Mandatory Sinking Fund Redemption.

(a) The Series 2024A Bonds maturing May 1, 2039, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024A Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$

\* Stated Maturity.

(b) The Series 2024A Bonds maturing May 1, 20\_\_, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024A Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$

\* Stated Maturity.

(Remainder of page intentionally left blank.)

(c) The Series 2024A Bonds maturing May 1, 20\_\_, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024A Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$
<hr/>	

\* Stated Maturity.

(d) The Series 2024A Bonds maturing May 1, 20\_\_, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024A Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$
<hr/>	

\* Stated Maturity.

(e) The Series 2024A Bonds maturing May 1, 20\_\_, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024A Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$
<hr/>	

\* Stated Maturity.

(f) The Series 2024B Bonds maturing May 1, 20\_\_, are subject to mandatory sinking fund redemption on the dates set forth below, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date from amounts on deposit in the Bond Principal Fund as follows:

Series 2024B Term Bonds Maturing May 1, 20\_\_

<u>Date (May 1)</u>	<u>Principal Amount</u>
*	\$
<hr/>	

\* Stated Maturity.

(g) Bonds previously redeemed (otherwise than pursuant to the related mandatory sinking fund redemption schedule) or canceled pursuant to Section 5.8 and not theretofore applied as a credit against any redemption of such Bonds pursuant to the related sinking fund redemption schedule shall be applied by the Trustee as a credit against remaining sinking fund redemptions on a pro rata basis.

(h) Additional Bonds may be subject to mandatory sinking fund redemption at such time and upon such terms as shall be fixed by the related Supplemental Indenture relating to such Bonds.

**Section 5.3A Redemption Upon Default Under Agreement.** Subject to Section 11.17(a) hereof, all or a portion of the Bonds, as applicable, are subject to redemption at par together with interest accrued thereon to the date fixed for redemption, in whole or in part, as soon as is practicable following the Trustee's receipt of written notice of an uncured default under the Agreement and at the direction of at least a majority of the Owners of the Bonds Outstanding in an amount equal to the extent of the Borrower's obligation thereunder from amounts received from the foreclosure or nonjudicial sale of the Facilities and, if necessary, amounts on deposit in the Debt Service Reserve Fund. In such event, the Bonds, in an amount equal to the Borrower's loan obligation, shall be called for redemption as set forth in Sections 5.5 and 5.6 hereof. To the extent there is a deficiency in the amount of monies received from the foreclosure or nonjudicial sale when added to amounts on deposit in the Debt Service Reserve Fund to redeem such amount of the Bonds, the Borrower undertakes pursuant to the Loan Agreement to promptly provide to the Trustee any additional funds required to redeem the necessary amount of remaining Bonds Outstanding and to the extent there still remains a deficiency, the Trustee shall redeem Bonds as set forth in Section 5.5 hereof.

**Section 5.3B Redemption Upon Failure to meet the Debt Service Reserve Fund Requirement pursuant to the Public Charter School Facilities Program.** In the event of a draw on the Debt Service Reserve Fund pursuant to Section 3.7 hereof resulting in balance therein dropping below the Debt Service Reserve Fund Requirement, the Bonds are subject to redemption at par together with interest accrued thereon to the date fixed for redemption, in whole, from amounts deposited with the Trustee by the State Controller pursuant to an appropriation made by the State legislature to redeem all Outstanding Bonds pursuant to Idaho Code, Section 33-5218(7)(a)(iv). In such event, the Bonds, in an amount equal to the Borrower's loan obligation, shall be called for redemption as set forth in Section 5.6 hereof, or in lieu of redemption, upon written request by the State Treasurer, the Trustee shall receive the necessary funds from the State Controller to purchase the Outstanding Bonds after providing notice as set forth in Section 5.6 hereof, and the Trustee shall then transfer such Outstanding Bonds to the State, which shall become a Registered Owner hereunder.

**Section 5.4 Redemption Upon Determination of Taxability.** The Series 2024 Bonds are subject to mandatory redemption prior to maturity, as a whole and not in part, on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal amount hereof plus accrued interest to the redemption date.

**Section 5.5 Special Mandatory Redemption from Excess Proceeds.** If the Borrower fails to satisfy the requirements of Section 4.2 of the Agreement relating to the preconditions for disbursement of proceeds held in the Gymnasium Account within the Project Fund and does not receive any portion of the proceeds of the Series 2024A Bonds on deposit in the Gymnasium Account within the Project Fund on or before October 1, 2026, the Trustee shall apply the full balance then on deposit in the Gymnasium Account within the Project Fund, less any amounts determined by the Rebate Analyst necessary to deposit to the Rebate Fund as further described below, to the special mandatory redemption on November 1, 2026, of the Series 2024A Bonds maturing May 1, 20[59], in full or on a pro-rata basis in consideration of the balance then on deposit in the Gymnasium Account of the Project Fund and the amounts of each mandatory sinking fund redemption for the specified maturity at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest to the November 1, 2026 redemption date, and shall cause notice of such redemption to be provided by mailing by first class mail a copy of the redemption notice to the Registered Owners of such Series 2024A Bonds designated for redemption, at their addresses as the same shall last appear upon the registration records, not less than 15 days prior to the November 1, 2026 redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Series 2024A Bonds on November 1, 2026. The notice of redemption shall specify the date fixed for redemption (November 1, 2026), the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2024A Bonds to be redeemed, that interest accrued to the November 1, 2026 redemption date will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue.

If the Borrower fails to satisfy the preconditions for disbursements from the Gymnasium Account within the Project Fund by September 1, 2026, the Trustee shall prior to October 1, 2026, cause the Rebate Analyst to prepare a rebate calculation to determine the amount, if any, of investment earnings necessary to deposit to the Rebate Fund for the payment of the Rebate Amount, if any, by Borrower, in accordance with section 148(f) of the Code. Upon receipt of the Rebate Analyst's rebate calculation, the Trustee shall prior to November 1, 2026, transfer the amount, if any, determined by the Rebate Analyst necessary to deposit to the Rebate Fund from the funds held in the Gymnasium Account within the Project Fund.

**Section 5.6 Method of Selecting Bonds.** Except for redemption of the Bonds pursuant to Sections 5.1 and 5.2 hereof, (i) in the event that less than all of the Outstanding Bonds in a Series shall be redeemed, the Bonds of such Series shall be selected by the Trustee on a pro rata by maturity basis and by lot within each maturity, or (ii) if less than all of the Bonds of a Series in a single maturity shall be redeemed, the selection of Bonds or portions thereof to be redeemed shall be selected by lot by the Trustee (or by random drawing while the Bonds are held in book-entry form), or (iii) if Bonds of various Series are to be redeemed in part, the Bonds of each Series shall be selected by lot by the Trustee.

In the event of redemption of the Bonds pursuant to Sections 5.1 and 5.2 hereof, the Bonds to be redeemed shall be selected by the Borrower.

**Section 5.7 Notices of Redemption.** All or a portion of the Bonds shall be called for optional redemption pursuant to Section 5.1 hereof by the Trustee as herein provided upon receipt by the Trustee at least 45 days (unless a shorter period shall be satisfactory to the Trustee) prior to

the redemption date of a certificate of the Authorized Representative of Borrower specifying the principal amount of the Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption, provided that such certificate shall not be required with respect to a sinking fund redemption and Bonds shall be called for redemption by the Trustee pursuant to such Section without the necessity of any action by the Borrower. In the case of every redemption, the Trustee shall cause notice of such redemption by mailing by first class mail a copy of the redemption notice to the Registered Owners of the Bonds designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 20 days prior to the redemption date, provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. The Trustee shall not mail any notice of redemption pursuant to Section 5.1(a) unless it has received from the Borrower, at least 45 days (unless a shorter period shall be satisfactory to the Trustee) before the redemption date specified in the notice of redemption, evidence of the Borrower's ability to deliver Protected Funds to redeem all such Bonds called for redemption on the anticipated redemption date. If adequate Protected Funds are not received by the Trustee on or prior to the redemption date, no Bonds shall be redeemed. The Trustee shall furnish the Borrower with a copy of each notice of redemption given with respect to any optional redemption under Section 5.1 hereof as soon as practicable after the delivery of notice to the Registered Owners of the Bonds.

Each notice of redemption shall specify conditions precedent to redemption, if any, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Bonds to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed.

**Section 5.8 Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue.** On or before the redemption date specified in any notice of redemption of the Borrower delivered pursuant to Section 5.6 hereof, an amount of Protected Funds sufficient to redeem all the Bonds called for redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be deposited with the Trustee by the Borrower. On the redemption date the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date and redemption premium, if any, shall become due and payable; and from and after such date, notice having been given and deposit having been made in accordance with the provisions of this Article, then, notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such notice having been given and such deposit having been made) the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the Issuer shall be under no further liability in respect thereof, as provided in Section 3.18 hereof.

**Section 5.9 Cancellation.** All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Borrower for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.10 hereof.



**Section 5.10 Partial Redemption of Bonds.** Upon surrender of any Bond for redemption in part only, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Registered Owner thereof, the cost of which shall be paid by the Borrower, a new Bond, or Bonds of the same maturity and of Authorized Denominations, in an aggregate principal amount equal to that portion of the Bond not redeemed.

**Section 5.11 Purchase in Lieu of Redemption.** If, at any time, Bonds are subject to redemption, the Borrower may direct the Trustee to purchase Bonds which would otherwise be subject to redemption from money available for such redemption under this Indenture or other money provided to the Trustee by the Borrower and deposited by the Trustee in a separate account hereunder to be established by the Trustee at such time. The purchase price of such Bonds shall not exceed the then applicable redemption price thereof. Written notice of such election must be given to the Trustee not less than five (5) Business Days prior to the date the Trustee must send notice of redemption.

## ARTICLE VI

### INVESTMENTS

**Section 6.1 Investment of Revenue Fund, Bond Principal Fund, Bond Interest Fund, Debt Service Reserve Fund, Project Fund, Cost of Issuance Fund, Expense Fund, and Rebate Fund.** So long as no Event of Default exists, on written instructions received by the Trustee from an Authorized Representative of the Borrower on which instructions the Trustee may conclusively rely, any moneys held as part of the Funds shall be invested by the Trustee in Investment Obligations (a) with respect to the Expense Fund and the Cost of Issuance Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable, (b) with respect to the Bond Principal Fund and the Bond Interest Fund, maturing in the amounts and at the times necessary to provide funds to make the necessary principal and interest payments, as applicable, and with respect to the Rebate Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable as determined by the Trustee, and (c) with respect to the Debt Service Reserve Fund, the Revenue Fund and the Project Fund, maturing in the amounts and at the times necessary to provide funds to make the payments to which such moneys are applicable. If no such direction is received by the Trustee, the Trustee shall invest and reinvest such moneys in any investment referred to in subsection (c) of the definition of Investment Obligations. All such Investment Obligations purchased shall mature or be redeemable on a date or dates prior to the time when the moneys so invested will be required for expenditure. The Trustee shall value the Investment Obligations held within the Funds on each Interest Payment Date to the extent required by Article III. In computing for any purpose hereunder the amount in any Fund on any date, Investment Obligations purchased shall be valued at the lesser of their market value plus accrued interest to valuation date or cost. The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee agrees to retain the documentation with respect to investments of moneys in the Funds as required and as described in the Tax Certificate. The Trustee may make any and all investments permitted by the provisions of this Section through its trust or bond departments.

The Issuer acknowledges that to the extent regulations of the comptroller of the currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

The Trustee is hereby authorized to trade with itself, or with any bank affiliated with it, in the purchase and sale of Investment Securities.

**Section 6.2 Tax Status of the Interest on the Tax-Exempt Bonds.** The Issuer hereby acknowledges that in order to ensure that the tax status of the interest on the Tax-Exempt Bonds is not adversely affected, it has secured from the Borrower the covenants set forth in Section 4.8 of the Agreement and in the Tax Certificate.

**Section 6.3 Allocation and Transfers of Investment Income.** Any investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund or appropriate subaccount therein. Any interest or other gain from any Fund from any investment or reinvestment pursuant to Section 6.1 hereof realized shall be retained therein or shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Bond Principal Fund and the Bond Interest Fund shall be retained in the respective Fund unless no deficiency then exists in the Bond Principal Fund or the Bond Interest Fund and a deficiency exists in the Debt Service Reserve Fund at the time such interest is received or other gain is realized in the Bond Principal Fund or Bond Interest Fund, as the case may be, in which case such interest or other gain shall be paid into the Debt Service Reserve Fund forthwith.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund if the amount therein is less than the Debt Service Reserve Fund Requirement. If the amount in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement, such amount in excess of the Debt Service Reserve Fund Requirement shall be paid monthly into the Bond Interest Fund.

(c) [Reserved.]

(d) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Project Fund shall be retained in the Project Fund until the completion of the construction of the Facilities and used to pay for costs of the Project and thereafter any remaining amount, shall be transferred by the Trustee in accordance with Section 3.9 hereof.

(e) Any interest or other gain actually realized in cash (as opposed to unrealized market increases) as a result of any investments or reinvestments of moneys in the Cost of Issuance Fund and the Revenue Fund shall be retained in the respective Fund.

(f) Any interest or other gain actually realized in cash (as opposed to unrealized market increases) as a result of any investments or reinvestments of moneys in the Expense Fund, shall be paid monthly into the Revenue Fund.

Notwithstanding the provisions of this Section, any interest or other gain from any Fund shall be transferred to the Rebate Fund to the extent required on behalf of the Borrower pursuant to Section 4.7 of the Agreement, except that no such transfer shall be made from any Fund if such transfer would cause the amount, then on deposit in such Fund to be less than required by the provisions of this Indenture.

## ARTICLE VII

### DISCHARGE OF INDENTURE

**Section 7.1 Discharge of this Indenture.** If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, all amounts payable to the Issuer and the Trustee under the Agreement and all amounts payable to the United States pursuant to Section 148 of the Code, have been paid then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured hereby shall have been purchased by the Borrower and delivered to the Trustee for cancellation, and all other sums payable hereunder, all amounts payable to the Issuer and the Trustee under the Agreement and all amounts payable to the United States pursuant to Section 148 of the Code have been paid, or provision shall have been made for the payment of the same, then this Indenture and the Trust Estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the request of the Borrower, the Trustee shall assign and transfer to the Borrower all property then held by the Trustee hereunder with respect to the Borrower and shall execute such documents as may be reasonably required by the Borrower and shall turn over to the Borrower the surplus in any Fund pursuant to Section 3.21 hereof, except to the extent otherwise required by Section 4.8 of the Agreement.

Payment of any Outstanding Bond shall, prior to the maturity or redemption date thereof, be deemed to have been provided for within the meaning and with the effect expressed in this Section if: (a) in case said Bond is to be redeemed on any date prior to its maturity except a mandatory sinking fund redemption, the Borrower shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bond on said redemption date, such notice to be given in accordance with the provisions of Section 5.6 hereof, (b) there shall have been deposited with the Trustee either cash moneys in an amount which shall be sufficient, or Government Obligations which shall not contain provisions permitting the redemption thereof at the option of the Issuer, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bond on and prior to the redemption date or maturity date thereof, as the case may be, (c) there shall have been delivered to the Trustee a certificate from a firm of certified public accountants or other financial services firm acceptable to the Trustee certifying as to the sufficiency of the deposit made pursuant

to the preceding clause (b), (d) an opinion of Bond Counsel satisfactory to the Trustee and the Issuer that said Bond is deemed paid within the meaning of this Indenture and such payment does not adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds, (e) an Opinion of Counsel that (i) the escrow deposit will not constitute a voidable preference or transfer under the Federal Bankruptcy Code or any other similar state or federal statute in the event the Issuer or the Borrower becomes a debtor within the meaning of the Federal Bankruptcy Code or comes within the protection of such similar state or federal statute ("Insolvency Event") and (ii) in such Insolvency Event, the escrow deposit will not be treated as part of the estate of the Issuer or the Borrower, and (f) in the event said Bond is not by its terms subject to redemption within the next 45 days, the Borrower shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.6 hereof, a notice to the Registered Owner of such Bond that the deposit required by (b) above has been made with the Trustee and that payment of said Bond has been provided for in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bond. Neither such securities nor moneys deposited with the Trustee pursuant to this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bond; provided any cash received from notice of redemption or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities of the type described in clause (b) of this paragraph maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bond on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of a Bond has been provided for as aforesaid, such Bond shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such moneys or securities deposited with the Trustee.

The release of the obligations of the Issuer and Borrower under this Section shall be without prejudice to the right of the Trustee or the Issuer to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder.

Notwithstanding anything contained herein to the contrary, provision shall not be made for the payment of any Bonds if such provision would constitute an advance refunding under the Code, unless simultaneously with such provision for payment, the Borrower delivers to the Issuer and the Trustee an opinion of nationally recognized Bond Counsel acceptable to the Issuer and the Trustee to the effect that such provision will not adversely affect the excludability from gross income of the interest on the Tax-Exempt Bonds.

The provisions contained in this Section 7.1 apply equally to the discharge of the lien of this Indenture for all of the Bonds or any portion thereof.

**Section 7.2 Survival.** Notwithstanding the payment in full of the Bonds, the discharge of this Indenture as set forth in Section 7.1 above, and the termination or expiration of the Agreement and the Deed of Trust, all provisions in this Indenture concerning (a) the tax-exempt

status of the Tax-Exempt Bonds (including, but not limited to provisions concerning Rebate), (b) the interpretation of this Indenture, (c) the governing law, (d) the forum for resolving disputes, (e) the Issuer's right to rely on facts or certificates, (f) the indemnity of the Issuer and Issuer's directors, officers, counsel, advisors, and agents from liability, (g) the Issuer's lack of pecuniary liability, and (h) the indemnity of the Trustee and the rights, powers and duties of the Trustee as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds, shall survive and remain in full force and effect.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

**Section 8.1 Events of Default.** Each of the following is hereby defined as and shall be deemed an "Event of Default" under this Indenture:

(a) Failure in the payment by the Issuer of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date or upon proceedings for redemption.

(b) Failure in the payment by the Issuer of any installment of interest on any Bond when the same shall become due and payable.

(c) Failure shall be made in the observance or performance of any covenant, agreement, contract or other provision in the Bonds or this Indenture (other than as referred to in (a) or (b) of this Section) and such default shall continue for a period of 30 days after written notice to the Issuer, the Borrower and the Trustee from the Registered Owners of at least 50% in aggregate principal amount of the Bonds then Outstanding or to the Issuer and the Borrower from the Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby within 90 days of such notification.

(d) A Determination of Taxability.

(e) The occurrence of an Event of Default (as defined therein) under the Loan Agreement upon direction of the Owners of a majority of all Bonds Outstanding that such event shall constitute an Event of Default under this Indenture, except for an Event of Default under Section 10.1(b) of the Loan Agreement, which shall automatically constitute an Event of Default under this Indenture.

Upon the occurrence of an Event of Default under this Indenture, the Trustee shall promptly notify the Registered Owners and the Borrower by facsimile, confirmed overnight mail or courier of such occurrence, which notification shall set forth the specific nature of the Event of Default or Defaults and shall also state what actions are being taken or are being considered to be taken by the Trustee, the Issuer or the Borrower to remedy such Event of Default. Throughout the

continuance of any Event of Default hereunder, the Trustee shall promptly notify the Registered Owners of any plan or proposal of any defaulting party or the Borrower relating to the curing of such Event of Default which is known to the Trustee.

The time periods for cure set forth in (c) above shall not be applicable to any events or actions which cause or might cause a Determination of Taxability.

**Section 8.2 Remedies for Events of Default Under This Indenture.** Upon the occurrence of an Event of Default hereunder, the Trustee may exercise and, at the direction of the Owners of a majority of the aggregate principal amount of all the Bonds Outstanding, shall exercise the following rights and remedies:

(a) **Acceleration.** The Trustee (i) may by notice in writing given to the Issuer and the Borrower, or (ii) shall, upon the written request of the Owners of a majority of all Bonds Outstanding, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable and said principal and interest shall thereupon become immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately declare all Loan Payments under the Agreement to be immediately due and payable as provided in Section 10.2 of the Agreement. The Owners of two-thirds in aggregate principal amount of the Bonds Outstanding shall have the right to annul such declaration of acceleration by providing notice in writing to the Trustee, the Issuer, and the Borrower. Notwithstanding the forgoing, as set forth in Section 11.17 hereof, so long as the Bonds remain outstanding and there has not been and is not continuing a Non-Appropriation, the maturity of the Bonds shall not be accelerated, or the Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer.

(b) **Receivership.** Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the rents, revenues, income, products and profits related to the Borrower and the Facilities, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(c) **Foreclosure.** The Trustee shall have the right to foreclose on all or any portion of the property subject to the Deed of Trust or any interest of the Issuer therein to the extent permitted by a mortgage by the laws of the State and exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto, and to realize upon the security interest in the Pledged Revenues and to exercise all of the rights and remedies of a secured party under the Uniform Commercial Code of the State with respect thereto. Notwithstanding any provision herein to the contrary, the Trustee shall have the absolute right, regardless of direction from the Registered Owner or group of Registered Owners, to refuse to foreclose on the property subject to the Deed of Trust or any interest of the Issuer as stated above unless a determination has been made of the potential environmental liability and indemnification satisfactory to the Trustee has been provided to the Trustee. Notwithstanding the forgoing, as set forth in Section 11.17 hereof, so long as the Bonds remain outstanding and there has not been and is not continuing a Non-Appropriation, the maturity of the Bonds shall not be accelerated, or the

Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer

(d) **Suit for Judgment on the Bonds.** The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Registered Owners, but any such judgment against the Issuer shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers, or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Registered Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee and of the Registered Owners shall continue unimpaired as before.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default hereunder shall have occurred and if requested by the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and after being indemnified or receiving other assurances as provided in Section 9.1 hereof, then the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners.

**Section 8.3 Direction of Remedies.** Anything in this Indenture to the contrary notwithstanding, but subject to the provisions contained in Section 11.17 hereof, the Owners of a majority of an aggregate principle amount of the Bonds Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, or any other proceedings or remedies hereunder provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified or receiving other assurances as provided in Section 9.1 hereof.

**Section 8.4 Rights and Remedies of Registered Owners.** No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.1 hereof, or of which by Section 9.1 hereof it is deemed to have notice, nor unless such default shall have become an Event of Default and the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity or other assurances as provided in Section 9.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time (not to exceed 30 days) the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification,

request, and offer of indemnity or other assurances are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that not one or more Registered Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his, her or their action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had, and maintained in the manner herein provided and for the equal benefit of the Registered Owners of the Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any or interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Registered Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

**Section 8.5 Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys, including the fees, expenses, liabilities and advances incurred or made by the Trustee, the costs and expenses of the Registered Owners, and any Rebate Amounts, be held or deposited into the Bond Principal Fund and the Bond Interest Fund during the continuance of an Event of Default and shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST, to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND, to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(b) If the principal of all of the Bonds entitled to share equally in such moneys shall have become or shall have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of

interest, or of any Bond over any other Bond ratably according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit of any such moneys and of the fixing of any such date and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds, the premium, if any, and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and the Issuer, including the Issuer's Administration Fee and the Issuer's Annual Fee, and all other amounts to be paid to the Issuer or the Trustee hereunder or under the Agreement have been paid, any balance remaining in the Funds shall be applied as provided in Section 3.21 hereof.

**Section 8.6 Trustee May Enforce Rights Without Bonds.** All rights of action and claims under this Indenture or any of the Bonds Outstanding may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds.

**Section 8.7 Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or the Borrower or any other obligor upon the Bonds or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable, from prepayment on the Promissory Notes, as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(b) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as any Bonds are Outstanding the Trustee is hereby appointed, and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the Owners of the Bonds or on behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Issuer, the Borrower or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Borrower or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

**Section 8.8 Delay or Omission No Waiver.** No delay or omission of the Trustee or of any Registered Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

**Section 8.9 No Waiver of One Default to Affect Another.**

No waiver of any default hereunder, whether by the Trustee or the Registered Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

**Section 8.10 Discontinuance of Proceedings on Default; Position of Parties Restored.**

In case the Trustee or the Registered Owners shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or the Registered Owners, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies, and powers of the Issuer, the Trustee and the Registered Owners shall continue as if no such proceedings had been taken.

**Section 8.11 Waivers of Events of Default.**

The Trustee, upon prior written consent of the Owners of two-thirds in aggregate principal amount of the Bonds Outstanding, may, and at the direction of the Owners of two-thirds in aggregate principal amount of the Bonds Outstanding shall, waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of maturity of principal of and interest on the Bonds; provided, however, that there shall not be waived (a) any Event of Default

in the payment of the principal of or premium on any Outstanding Bonds at the date of maturity or redemption thereof or any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of the principal and premium, if any, and all fees and expenses of the Trustee, and all amounts to be paid to the Issuer and the Trustee hereunder and under the Agreement, in connection with such default shall have been paid or provided for or, (b) any default in the payment of amounts under the Tax Certificate. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

## ARTICLE IX CONCERNING THE TRUSTEE

**Section 9.1 Duties of the Trustee.** The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as a reasonable corporate indenture trustee would exercise or use under similar circumstances.

(b) The Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standards specified above and in subsection (g) of this Section, and shall be entitled to act upon an Opinion of Counsel concerning all matters of the trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Facilities or collecting any insurance moneys or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Facilities, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer, or on the part of the Borrower, except as hereinafter set forth; but the Trustee may require

of the Borrower full information and advice as to the performance of the covenants, conditions, and agreements as to the condition of the Facilities contained herein or in the Agreement. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.1 hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Registered Owner of the Bonds with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request or the consent of the Issuer or any Person who at the time of making such request or giving such consent is the Registered Owner of any Bonds shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by an Authorized Representative of the Issuer or on behalf of the Borrower by an Authorized Representative of the Borrower or such other Person as may be designated for such purpose by the Issuer or the Borrower as sufficient evidence of the facts therein contained, prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its gross negligence or willful misconduct and shall not be answerable for any negligent act of its attorneys, agents or receivers which have been selected by the Trustee with due care, subject to Section 9.1(a) hereof.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder or an event of default under the Loan Agreement except an Event of Default in Section 8.1(a) and 8.1(b) hereunder or an event of default under Section 10.1(a) of the Loan Agreement unless an officer in the corporate trust department of the Trustee has actual notice thereof or the Trustee shall be specifically notified in writing of such Event of Default by the Issuer, the Borrower or the Registered Owners of at least a majority in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture or the Loan Agreement to be delivered to the Trustee, must, in order to be effective, be delivered at the address of the Trustee provided for in Section 11.9 hereof, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no Event of Default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any moneys received hereunder.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the Issuer pertaining to the Project and the Bonds.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer or the Borrower to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(m) Before taking any action under Article VIII hereof, the Trustee may require that indemnity or other assurances satisfactory to it be furnished to it for the reimbursement of all expenses which it may incur and to protect it against all risk and liability by reason of any action so taken, including without limitation any and all environmental liability, and except only any liability which may result from its gross negligence or willful misconduct. The Trustee may take action without requiring such indemnification or other assurances and in such event, the Trustee shall be entitled to indemnification by the Borrower pursuant to Section 8.6 of the Agreement and to reimbursement of its fees and expenses pursuant to Section 9.2 hereof.

(n) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or other disclosure prepared or distributed in connection with the Bonds.

(o) The Trustee shall not be responsible for ensuring that the provisions of this Indenture or the Agreement are fair or equitable as they may affect the Borrower.

**Section 9.2 Fees and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses reasonably made or incurred by the Trustee in connection with such services, including legal fees and expenses, as and when the same become due as provided in Section 5.1(d) of the Agreement.

**Section 9.3 Resignation or Replacement of Trustee.** The present or any future Trustee may resign by giving to the Issuer, the Borrower, and the Registered Owners 60 days' notice of such intent to resign. Such resignation shall take effect no earlier than 60 days after such notice and only upon the appointment of a successor and the acceptance of such trust by the successor trustee. The present or any future Trustee may be removed at any time by an instrument in writing by either the Issuer or by the Registered Owners of a majority in aggregate principal amount of the Bonds and such removal shall take effect immediately on the appointment of a

successor trustee. The Trustee may also be removed at any time for any breach of the Trustee obligations set forth herein.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Registered Owners of a majority in aggregate principal amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Registered Owners, or their attorneys-in-fact duly appointed; provided that the Issuer may appoint a successor until a new successor shall be appointed by the Registered Owners as herein authorized. The Issuer upon making such appointment shall forthwith give notice thereof to the Registered Owners and the Borrower, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Issuer shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

Every successor shall always be a bank or trust company in good standing, be qualified to act hereunder, be subject to examination by a federal or state authority and have capital and surplus of not less than \$75,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor (subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its fees and expenses pursuant to Section 9.2 hereof and to be indemnified pursuant to Section 8.6 of the Agreement), who shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the Issuer be reasonably required by any successor for such vesting and confirming, the Issuer shall execute, acknowledge, and deliver the said deeds, conveyances, and instruments on the request of such successor.

The notices provided for in this Section to be given to the Registered Owners shall be given by the Trustee by mailing to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. The notices provided for in this Section to be given to the Issuer, the Borrower and the retiring Trustee shall be given in accordance with Section 11.9 hereof.

**Section 9.4 Conversion, Consolidation or Merger of Trustee.** Any bank or trust company into which the Trustee or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, in case any of

such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of such successor Trustee.

## ARTICLE X

### SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE AGREEMENT AND THE DEED OF TRUST

**Section 10.1 Supplemental Indentures Not Requiring Consent of Registered Owners.** The Issuer may and, at the request of the Borrower, the Trustee may, without the consent of, or notice to, the Registered Owners, enter into such indentures supplemental hereto (which Supplemental Indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) To add to the covenants and agreements of the Issuer contained in this Indenture for the protection or benefit of the Registered Owners, other covenants and agreements thereafter to be observed for the protection or benefit of the Registered Owners, or to surrender or limit any right or power herein reserved or conferred upon the Issuer;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not materially adversely affect the interests of the Registered Owners of the Bonds;

(c) To subject to the lien of this Indenture additional revenues, properties or collateral;

(d) To modify, alter, amend, or supplement this Indenture in such a manner as shall permit the qualification hereof under the Trust Indenture Act of 1939, as from time to time amended; or

(e) To provide for the issuance of Additional Bonds in accordance with Section 2.12 hereof.

**Section 10.2 Supplemental Indentures Requiring Consent of Registered Owners.** Exclusive of Supplemental Indentures covered by Section 10.1 hereof, the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Registered Owners of all the Bonds at the time Outstanding and adversely affected thereby nothing herein contained (exclusive of Supplemental Indentures covered by Section 10.1 hereof) shall permit, or be construed as permitting:

(a) an extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond;

(b) the deprivation of the Registered Owner of any Bond then Outstanding of the lien or the priority of the lien created by this Indenture (other than as permitted hereby when such Bond was initially issued);

(c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) a reduction in the aggregate principal amount of the Bonds, if any, required for consent to such Supplemental Indenture or amendment to the Agreement.

If at any time the Issuer shall request the Trustee to enter into such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being reasonably indemnified by the Borrower with respect to expenses, mail by first-class mail notice of the proposed execution of such Supplemental Indenture to the Registered Owners of the Bonds at their addresses as the same shall last appear upon the registration records. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.3 Execution of Supplemental Indentures.** The Trustee is authorized to join with the Issuer in the execution of any such Supplemental Indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such Supplemental Indenture which materially adversely affects its rights, duties, or immunities under this Indenture. For Supplemental Indentures under Section 10.2, the Trustee shall require delivery of an opinion of Bond Counsel acceptable to the Trustee to the effect that each such Supplemental Indenture (a) has been validly authorized and duly executed by the Issuer and is enforceable against the Issuer in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any.

**Section 10.4 Issuer Consent Required to Less Restrictive Requirements of Indenture, Deed of Trust and Agreement.** The Issuer has imposed certain requirements on the Trustee, the Borrower, the ownership or operation of the Facilities, or the Bonds which are more restrictive than those required by the Act, the Treasury Regulations, or the Code, and, for that reason, any proposed amendment, modification, or supplement to this Indenture, the Deed of Trust



or the Agreement which provides for less restrictive covenants than required by the Issuer, but permitted by law, shall require the Issuer's consent, which may be withheld for any reason.

**Section 10.5 Consent of Borrower.** Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Article shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such Supplemental Indenture.

**Section 10.6 Amendments, etc., of the Agreement Not Requiring Consent of Registered Owners.** The Issuer and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Agreement as may be required (a) by the provisions of the Agreement or this Indenture (including the issuance of Additional Bonds), (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not materially adverse to the Trustee or the Registered Owners of the Bonds.

**Section 10.7 Amendments, etc., of the Agreement Requiring Consent of Registered Owners.** Except for the amendments, changes or modifications referred to in Section 10.6 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Agreement without the giving of notice and the written approval or consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, subject to the same limitations set forth in Section 10.2 hereof. Such notice and consent shall be given and procured as provided in Section 10.2 hereof. If at any time the Issuer shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement under this Section 10.7, the Trustee shall, upon being reasonably indemnified by the Borrower seeking an amendment to the Agreement with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.8 Execution of Amended Agreement.** The Trustee shall, prior to its consent to any supplemental amendment or change to the Agreement under Section 10.7, require delivery of an opinion of Bond Counsel acceptable to the Trustee to the effect that such supplemental amendment or change to the Agreement (a) has been validly authorized and duly executed by the Issuer and the Borrower and is enforceable against the Issuer and the Borrower in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be issued pursuant to the Act, (c) will not adversely affect the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. After execution thereof, any supplemental amendment, modification

or change to the Agreement executed in accordance with the provisions of this Article shall thereafter form a part of the Agreement and all the terms and conditions contained in any such amendment, modification or change to the Agreement as to any provision authorized to be contained therein shall be deemed to be part of the Agreement for any and all purposes.

**Section 10.9 [Reserved].**

**Section 10.10 Amendments, etc., of the Deed of Trust Not Requiring Consent of Registered Owners.** The Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Deed of Trust as may be required (a) by the provisions of the Deed of Trust or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) in connection with any other change therein which is not materially adverse to the Trustee or the Registered Owners of the Bonds, and (d) the Trustee shall, without the consent of or notice to the Registered Owners, cause the Deed of Trust to be amended to create a security interest in the New Facilities if and when the Borrower acquires the parcel adjacent to the Existing Facilities with proceeds of the Series 2024A Bonds on deposit in the Gymnasium Account of the Project Fund for the purpose of constructing the New Facilities thereon.

**Section 10.11 Amendments, etc., of the Deed of Trust Requiring Consent of Registered Owners.** Except for the amendments, changes or modifications referred to in Section 10.10 hereof, the Trustee shall not consent to any other amendment, change or modification of the Deed of Trust without the giving of notice and the written approval or consent of the Registered Owners of no less than a majority in aggregate principal amount of the Bonds at the time Outstanding, subject to the same limitations set forth in Section 10.2 hereof. Such notice and consent shall be given and procured as provided in Section 10.2 hereof. If at any time the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Deed of Trust, the Trustee shall, upon being reasonably indemnified by the Borrower with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the designated office of the Trustee for inspection by all Registered Owners. If, within 60 days following the mailing of such notice, the Registered Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution of the agreement reflecting such amendment, change or modification thereof as herein provided, no Registered Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

**Section 10.12 Execution of Amended Deed of Trust.** The Trustee shall, prior to its consent to any supplemental amendment or change to the Deed of Trust under Section 10.11, require delivery of an opinion of Bond Counsel acceptable to the Trustee to the effect that such supplemental amendment or change to the Deed of Trust (a) has been validly authorized and duly executed by the Borrower and is enforceable against the Borrower thereunder in accordance with its terms, (b) will not adversely affect the qualification of the Bonds as obligations which may be

issued pursuant to the Act, (c) will not adversely affect the excludability from gross income of interest on any tax-exempt Bonds for federal income tax purposes and (d) is permitted pursuant to the terms of this Indenture. After execution thereof, any supplemental amendment, modification or change to the Deed of Trust executed in accordance with the provisions of this Article shall thereafter form a part of the Deed of Trust and all the terms and conditions contained in any such amendment, modification or change to the Deed of Trust as to any provision authorized to be contained therein shall be deemed to be part of the Deed of Trust for any and all purposes.

**Section 10.13 Copies of Supplements and Amendments to the Rating Agency.** A copy of any supplement or amendment entered into pursuant to this Article X shall be sent by the Trustee to any Rating Agency immediately upon execution thereof, if any such Rating Agency currently rates any Series of Bonds.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.1 Evidence of Signature of Registered Owners and Ownership of Bonds.** Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Registered Owners may be in one or more instruments of similar tenor and shall be signed or executed by such Registered Owners in Person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the Registered Ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Registered Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The Registered Ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proved by the registration records of the Issuer kept by the Trustee.

Any request or consent of the Registered Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee in accordance therewith.

**Section 11.2 Parties Interested Herein.** With the exception of rights herein expressly conferred on the Borrower, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to, any Person other than the Issuer, the Trustee, the Registered Owners of the Bonds, and the State Treasurer any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee and the Registered Owners of the Bonds.

**Section 11.3 Titles, Headings, Etc.** The titles and headings of the articles, sections, and subsections of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

**Section 11.4 Severability.** In the event any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 11.5 Third Party Beneficiaries.** Each of the Issuer Indemnified Parties (other than the Issuer) shall be considered to be intended third party beneficiaries of this Indenture. Nothing in this Indenture shall confer any right upon any Person other than the parties hereto and the specifically designated third party beneficiaries of this Indenture.

**Section 11.6 Governing Law.** This Indenture shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Indenture against the Issuer shall be brought and maintained in the District Court of the State of Idaho in and for Ada County or the United States District Court in and for the District of Idaho.

**Section 11.7 Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 11.8 Limitation of Liability of Officials of Issuer.** Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Indenture, any other Issuer Documents, or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any of the Issuer Indemnified Parties, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any of the Issuer Indemnified Parties, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Issuer with the Borrower or the Trustee, or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each of the Issuer Indemnified Parties, by the execution of the Bonds, this Indenture, and the other Issuer Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Indenture, and the other Issuer Documents, is expressly waived and released.

No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, and/or delivery of

the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in this Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Bonds, this Indenture or the Agreement, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Bonds, shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent the same can be paid or recovered from the revenues pledged for the payment of the Bonds or other revenues derived under the Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses, or other monetary relief shall be recoverable from the Issuer, except as may be payable from the revenues pledged under this Indenture for the payment of the Bonds or other revenue derived under the Agreement. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against the Issuer's general credit. In making the agreements, provisions, and covenants set forth in this Indenture, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in this Indenture for the payment of the Bonds or other revenues derived under the Agreement.

Except during the continuance of an Event of Default, the Borrower shall have the duty to direct the Trustee to invest or reinvest all money held for the credit of funds established by this Indenture in accordance with Article VI of this Indenture.

**Section 11.9 Notices.** Except as otherwise provided in Section 8.1, all notices, certificates, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail return receipt requested, postage prepaid, electronic transmission (with confirmation of receipt of such transmission), or overnight courier, addressed as follows:

If to the Issuer: Idaho Housing and Finance Association  
565 W. Myrtle  
Boise, Idaho 83707  
Attention: Vice President, Project Finance  
Telephone: (208) 331-4728  
Facsimile: (208) 331-4802

with a copy to: Skinner Fawcett LLP  
P.O. Box 700  
Boise, Idaho 83701  
Attention: Richard A. Skinner/John R. McDevitt  
Telephone: (208) 345-2663  
Facsimile: (208) 345-2668

If to the Borrower: Alturas Preparatory Academy, Inc.  
2280 East 17th Street  
Idaho Falls, Idaho 83404  
Attention: Principal

with a copy to: Chris Yorgason, Yorgason Law Offices, PLLC  
6200 N. Meeker Place  
Boise, Idaho 83713  
Attention: Chris Yorgason  
Telephone: (208) 861-3332

If to the Trustee: Zions Bancorporation, National Association  
Corporate Trust, Zions Bank Division  
800 W. Main Street, Suite 700  
Boise, ID 83702  
Attention: Jennifer Mabbott  
Telephone: (208) 501-7496

If to the State Treasurer: Idaho State Treasurer  
304 N. 8th Street, Room 403  
Boise, ID 83702

If to the State Controller: State of Idaho Controller  
700 W. State St.  
Boise, ID 83702

**Section 11.10 Payments Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made, or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein with the same force and effect as if done on the nominal date provided in this Indenture.

**Section 11.11 No Personal Liability of Officials of the Issuer or the Trustee.** No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any elected or appointed official, officer, agent, servant or employee of the Issuer in his or her individual capacity or any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

**Section 11.12 Bonds Owned by the Issuer or the Borrower.** Subject to Section 11.17 hereof, in determining whether Registered Owners of Bonds in the requisite aggregate principal amount have concurred in any direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer or the Borrower or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower (unless the Issuer, the Borrower or such Person owns all the Bonds which are then Outstanding) shall be disregarded and

deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only the Bonds which the Trustee knows are so owned shall be so disregarded. The Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Issuer or the Borrower or any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Borrower. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

**Section 11.13 Undertaking to Provide Ongoing Disclosure.** Pursuant to Section 2.5 of the Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements, and the Issuer, the Underwriter and the Trustee shall have no liability to the Registered Owners of the Bonds with respect to Securities Exchange Commission Rule 15c2-12, as amended. Notwithstanding any other provision of this Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Agreement; however, a Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under Section 2.5 of the Agreement. For purposes of this Section, "Beneficial Owner" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

**Section 11.14 Right to Inspect.** Following reasonable notice to the Borrower, at any and all reasonable times, the Trustee, and the Issuer and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right during regular business hours to fully inspect the Facilities, including all books and records of the Borrower (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided however, that any disclosure to any third party of the results of any such inspection shall be made only if required by law and then only with proper respect and due regard for the confidentiality requests of donors to the Borrower.

Additionally, the Issuer hereby appoints the Trustee to keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts and disbursements received or disbursed according to this Indenture, and such books shall be available for inspections by the Registered Owner of any of the Bonds, the Issuer and by the Borrower during normal business hours of the Trustee and upon reasonable notice to Trustee. The Trustee shall provide copies to the Registered Owner of any of the Bonds, the Issuer, and the Borrower of its statements of accounts upon request.

**Section 11.15 Incorporation of Terms of Loan Agreement.** The parties hereto acknowledge and agree that to the extent applicable, the terms and provisions of the Loan Agreement are incorporated herein as if they were contained in this Indenture.

**Section 11.16 Notices To Registered Owners.** Notwithstanding anything herein or in the Borrower Documents to the contrary, the Trustee shall give written notice per direction of the

Borrower to the Issuer, the Registered Owners and any nationally recognized municipal securities information repository as soon as is practicable after a corporate trust officer of the Trustee has actual knowledge thereof of the following events:

- (i) partial prepayment of the Loan or Bond refunding;
- (ii) default under this Indenture, the Agreement or any of the Borrower Documents;
- (iii) a draw on the Debt Service Reserve Fund;
- (iv) any casualty, act of condemnation or loss;
- (v) defeasance of any portion of the Bonds;
- (vi) any transfer of a beneficial interest in the Borrower;
- (vii) pending sale of any part of the Facilities;
- (viii) appointment of a successor Trustee;
- (ix) any supplements or amendments to this Indenture, the Agreement or the Deed of Trust, other than those described in Sections 10.1, 10.6 and 10.10;
- (x) adverse tax opinions or events affecting the tax-exempt status of the Tax-Exempt Bonds;
- (xi) Bond calls (which are other than mandatory sinking fund or scheduled redemptions) not otherwise contingent on an event;
- (xii) release, substitution, or sale of property securing repayment of the Bonds; and
- (xiii) any name change of the Trustee.

The Trustee shall also comply with the notice requirements regarding transmission of information set forth in Section 8.5 of the Loan Agreement.

**Section 11.17 Provisions Relating to the Public Charter School Facilities Program.** Notwithstanding any other provision of the Indenture or the Loan Agreement or the Notes to the contrary, so long as the Bonds remain outstanding and there has not been and is not continuing a Non-Appropriation the following provisions shall apply:

- (a) The maturity of the Bonds shall not be accelerated, or the Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer.
- (b) Neither the Loan nor the Notes shall be accelerated without the prior written consent of the State Treasurer.

(c) No action shall be taken under the Deed of Trust, including, without limitation, any action to foreclose under the Deed of Trust on the property subject thereto, without the prior written consent of the State Treasurer.

(d) To the extent not otherwise required, the Borrower shall pay or reimburse the Trustee any and all charges, fees, costs and expenses which the Trustee may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby.

(e) The Indenture shall not be discharged, and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the State under the Public Charter School Facilities Program or otherwise shall have been paid in full. The Borrower's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

**Section 11.18 Electronic Signatures.** The parties agree that the electronic signature of a party to this Indenture, including all acknowledgements, authorizations, directions, waivers, and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

**Section 11.19 Applicability of State Laws or Regulations.** If, subsequent to the date of this Indenture, it is determined that a state law or regulation applies to the Issuer and to this Indenture, and this Indenture cannot continue without an amendment hereto or other actions taken in compliance with such law or regulation, then this Indenture shall be amended in order to achieve such compliance.

(Signature page to follow.)

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**IDAHO HOUSING AND FINANCE ASSOCIATION**, as Issuer

By: \_\_\_\_\_  
Cory Phelps, Vice President, Project Finance

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Jennifer Mabbott, Vice President  
Zions Bank Division

(Signature Page to Trust Indenture – Alturas Preparatory Academy Project)

EXHIBIT A-1

(FORM OF SERIES 2024A BOND)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY REGISTRATION OF TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THE TRANSFER OF THIS BOND MAY BE REGISTERED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024A (CREDIT ENHANCEMENT)

NO. RA- \_\_\_\_\_ \$ \_\_\_\_\_

MATURITY DATE      DATED      INTEREST RATE      CUSIP  
May 1, 20\_\_      \_\_\_\_\_, 2024      \_\_%      45129G \_\_\_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100THS DOLLARS\*\*

IDAHO HOUSING AND FINANCE ASSOCIATION (the “Issuer”), an independent public body corporate and politic duly organized and existing under the laws of the State of Idaho, for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated corporate trust office of Zions Bancorporation, National

Association, as trustee (the “Trustee”) under a Trust Indenture, dated as of October 1, 2024 (the “Indenture”), by and between the Issuer and the Trustee, and to pay, from like sources, to the Person who is the Registered Owner hereof on the 15th calendar day of the month preceding any Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such Registered Owner (except that registered owners of at least \$1,000,000 in aggregate principal amount of the Bonds (as defined herein) Outstanding may, by written request received by the Trustee at least 10 Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the continental United States) at his or her address as it last appears on the registration books kept for that purpose at the offices of the Trustee, interest on said sum in like coin or currency from the date hereof at the interest rate set forth above, payable on each Interest Payment Date, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto.

BY PURCHASING THIS BOND OR ANY BENEFICIAL INTEREST HEREIN, SUCH PURCHASER ACCEPTS THE FOLLOWING PROVISIONS: THIS BOND IS A SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE ISSUER’S FUNDS ARE PLEDGED TO PAY THIS BOND. THIS BOND AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THIS BOND IS NOT A DEBT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OR ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NONE OF THE STATE OF IDAHO, THE ISSUER, OR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF OR ANY MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM OF THIS BOND, THE INTEREST THEREON OR TO INCUR ANY LIABILITY IN CONNECTION THEREWITH OR TO INCUR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, NOR SHALL ANY ASSET OF THE ISSUER BE AT RISK IN CONNECTION WITH THIS BOND, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

This Bond is one of Idaho Housing and Finance Association Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the “Series 2024A Bonds”) duly authorized by the Issuer in the aggregate principal amount of \$ \_\_\_\_\_, issued under and equally and ratably secured by the Indenture. The Series 2024A Bonds have been issued under the Act to: (i) finance the acquisition of the Existing Facilities, (ii) finance the

acquisition and construction of the New Facilities, (iii) fund a portion of a debt service reserve fund, and (iv) pay certain issuance expenses for the Series 2024A Bonds.

As provided in the Indenture, Additional Bonds of the Issuer may be issued and secured on a parity basis with the Series 2024 Bonds. Such Additional Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such Additional Bonds to be issued under the Indenture is limited only as provided in the Indenture.

This Bond is a special, limited obligation of the Issuer payable solely from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement dated as of October 1, 2024 (the “Agreement”), between the Issuer and the Borrower, (b) a pledge of the Funds and Pledged Revenues as defined in the Indenture (other than the Rebate Fund) and (to the extent provided in the Indenture) all trust accounts created under the Indenture and the Agreement, and (c) an assignment of the Issuer’s security interest in the Pledged Revenues (as defined in and subject to the Indenture) of the Borrower to the extent permitted by law. The Loan Payments required by the Borrower under the Agreement constitute a general obligation of the Borrower and are secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of October 1, 2024 (the “Deed of Trust”), on the land and improvements comprising the Series 2024 Project as described therein.

The Series 2024A Bonds are subject to redemption on the dates, at the prices and following such notice as set forth in the Indenture.

This Bond is fully transferable by the Registered Owner hereof in Person or by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Trustee; subject, however, to the terms of the Indenture which limit the transfer and exchange of Bonds during certain periods. Upon such transfer a new fully registered bond of Authorized Denomination for the same aggregate principal amount will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee and the Issuer shall require the payment by any Registered Owner of this Bond requesting exchange or transfer of the reasonable expenses of the Issuer, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Trustee may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding the foregoing, so long as the ownership of the Bonds is maintained in book-entry form by The Depository Trust Company (the “Securities Depository”) or a nominee thereof, this Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the registered owners of the Bonds may be made by the Issuer and the Trustee but without the consent of the registered owners of the Bonds in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the Registered Owners of the Bonds, but also including provision for the issuance of Additional Bonds. Certain other amendments may be made by the Issuer and the Trustee with the consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by all Registered Owners adversely affected by such change. Any such consent by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and of any Bond issued upon the transfer or exchange of this bond whether or not notation of such consent is made upon this Bond.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action, or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Bonds at any such time outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Bonds then outstanding.

None of the members of the board of directors of the Borrower, the Board of the Issuer or any Person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability and obligations of the Issuer under the Agreement and the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Agreement and the Indenture.

No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, board member, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, board member, servant, or employee of the

Borrower in his or her individual capacity, and the members of the governing body of the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

It is hereby certified, recited and declared that all conditions, acts, and things required by the Constitution or statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

Copies of the Indenture, the Agreement, the Deed of Trust and other documents relating to the Bonds are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Issuer, the terms of and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, Idaho Housing and Finance Association has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Secretary-Treasurer.

**IDAHO HOUSING AND FINANCE  
ASSOCIATION**

By: \_\_\_\_\_  
Steven R. Keen, Chairman

Attest:

By: \_\_\_\_\_  
Nancy Vannorsdel, Secretary-Treasurer



**CERTIFICATE OF AUTHENTICATION**

Date of Authentication: \_\_\_\_\_, 2024

This is one of the Series 2024A Bonds described in the within mentioned Indenture.

**ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Jennifer Mabbott, Vice President  
Zions Bank Division

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Social Security or Federal Taxpayer Identification Number)

\_\_\_\_\_  
(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" that is a member of or a participant in a "signature guarantee program" (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

\_\_\_\_\_  
NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

EXHIBIT A-2

(FORM OF SERIES 2024B BOND)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY REGISTRATION OF TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THE TRANSFER OF THIS BOND MAY BE REGISTERED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (AS DEFINED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024B (CREDIT ENHANCEMENT) (FEDERALLY TAXABLE)

NO. RB- \_\_\_\_\_ \$ \_\_\_\_\_  
MATURITY DATE      DATED      INTEREST RATE      CUSIP  
May 1, 20\_\_      \_\_\_\_\_, 2024      \_\_\_%      45129G \_\_\_\_

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100THS DOLLARS\*\*

IDAHO HOUSING AND FINANCE ASSOCIATION (the “Issuer”), an independent public body corporate and politic duly organized and existing under the laws of the State of Idaho, for value received, hereby promises to pay, from the sources hereinafter described, the principal amount stated above in lawful money of the United States of America to the Registered Owner named above, or registered assigns, on the maturity date stated above (unless this Bond shall have been called for prior redemption, in which case on such redemption date), upon the presentation and surrender hereof at the designated corporate trust office of Zions Bancorporation, National

Association, as trustee (the “Trustee”) under a Trust Indenture, dated as of October 1, 2024 (the “Indenture”), by and between the Issuer and the Trustee, and to pay, from like sources, to the Person who is the Registered Owner hereof on the 15th calendar day of the month preceding any Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such Registered Owner (except that registered owners of at least \$1,000,000 in aggregate principal amount of the Bonds (as defined herein) Outstanding may, by written request received by the Trustee at least 10 Business Days (as defined in the Indenture) prior to the Regular Record Date, receive payment of interest by wire transfer at the address specified in such request, which address must be in the continental United States) at his or her address as it last appears on the registration books kept for that purpose at the offices of the Trustee, interest on said sum in like coin or currency from the date hereof at the interest rate set forth above, payable on each Interest Payment Date, until payment of the principal hereof has been made or provided for. Any such interest not so timely paid or duly provided for shall cease to be payable to the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the Registered Owner hereof at the close of business on a Special Record Date for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than 10 days prior thereto.

BY PURCHASING THIS BOND OR ANY BENEFICIAL INTEREST HEREIN, SUCH PURCHASER ACCEPTS THE FOLLOWING PROVISIONS: THIS BOND IS A SPECIAL OBLIGATION OF THE ISSUER, PAYABLE SOLELY OUT OF ANY OF THE MONEYS, SECURITIES AND FUNDS AND ACCOUNTS UNDER THE INDENTURE. NONE OF THE ISSUER’S FUNDS ARE PLEDGED TO PAY THIS BOND. THIS BOND AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, DEBT OR BONDED INDEBTEDNESS OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THIS BOND IS NOT A DEBT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF, OR ANY POLITICAL SUBDIVISION OR ANY BODY CORPORATE AND POLITIC THEREOF, NOR ANY MUNICIPALITY THEREIN, AND NONE OF THE STATE OF IDAHO, THE ISSUER, OR ANY COMMISSIONER, OFFICER OR EMPLOYEE THEREOF, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION NOR ANY BODY CORPORATE AND POLITIC THEREOF OR ANY MUNICIPALITY THEREIN WILL BE OBLIGATED TO PAY THE PRINCIPAL OR PREMIUM OF THIS BOND, THE INTEREST THEREON OR TO INCUR ANY LIABILITY IN CONNECTION THEREWITH OR TO INCUR OTHER COSTS INCIDENT THERETO EXCEPT FROM REVENUES PLEDGED THEREFOR UNDER THE INDENTURE, NOR SHALL ANY ASSET OF THE ISSUER BE AT RISK IN CONNECTION WITH THIS BOND, ALL AS MORE FULLY SET FORTH IN THE INDENTURE. THE ISSUER HAS NO TAXING POWER.

This Bond is one of Idaho Housing and Finance Association Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds”) duly authorized by the Issuer in the aggregate principal amount of \$ \_\_\_\_\_, issued under and equally and ratably secured by the Indenture. The Series 2024B Bonds have been issued under the Act to pay certain issuance expenses for the Series 2024 Bonds.

As provided in the Indenture, Additional Bonds of the Issuer may be issued and secured on a parity basis with the Series 2024 Bonds. Such Additional Bonds may be issued from time to time in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates, and may otherwise vary as provided in the Indenture, and the aggregate principal amount of such Additional Bonds to be issued under the Indenture is limited only as provided in the Indenture.

This Bond is a special, limited obligation of the Issuer payable solely from and secured by (a) a pledge of certain rights of the Issuer under and pursuant to the Loan Agreement dated as of October 1, 2024 (the “Agreement”), between the Issuer and the Borrower, (b) a pledge of the Funds and Pledged Revenues as defined in the Indenture (other than the Rebate Fund) and (to the extent provided in the Indenture) all trust accounts created under the Indenture and the Agreement, and (c) an assignment of the Issuer’s security interest in the Pledged Revenues (as defined in and subject to the Indenture) of the Borrower to the extent permitted by law. The Loan Payments required by the Borrower under the Agreement constitute a general obligation of the Borrower and are secured by a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of October 1, 2024 (the “Deed of Trust”), on the land and improvements comprising the Series 2024 Project as described therein.

The Series 2024B Bonds are not subject to optional redemption.

This Bond is fully transferable by the Registered Owner hereof in Person or by his or her duly authorized attorney on the registration books kept by the Trustee, upon surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Trustee; subject, however, to the terms of the Indenture which limit the transfer and exchange of Bonds during certain periods. Upon such transfer a new fully registered bond of Authorized Denomination for the same aggregate principal amount will be issued to the transferee in exchange therefor, all subject to the terms, limitations and conditions set forth in the Indenture. The Trustee and the Issuer shall require the payment by any Registered Owner of this Bond requesting exchange or transfer of the reasonable expenses of the Issuer, if any, of a reasonable transfer or exchange fee and of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The Issuer and the Trustee may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, except to the extent otherwise provided herein and in the Indenture with respect to Regular Record Dates and Special Record Dates for the payment of interest, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

Notwithstanding the foregoing, so long as the ownership of the Bonds is maintained in book-entry form by The Depository Trust Company (the “Securities Depository”) or a nominee thereof, this Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Issuer and of the registered owners of the Bonds may be made by the Issuer and the Trustee but

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without the consent of the registered owners of the Bonds in certain cases described in the Indenture, including any change which does not materially adversely affect the interests of the Registered Owners of the Bonds, but also including provision for the issuance of Additional Bonds. Certain other amendments may be made by the Issuer and the Trustee with the consent of the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that no such modification or amendment shall be made which will constitute an extension of the maturity of, or a reduction in the principal amount of, or a reduction of the rate of interest on or extension of the time of payment of interest on, or a reduction of any premium payable upon redemption of, any Bond, which are unconditional unless consented to by all Registered Owners adversely affected by such change. Any such consent by the Registered Owner of this Bond shall be conclusive and binding upon such Registered Owner and upon all future Registered Owners of this Bond and of any Bond issued upon the transfer or exchange of this bond whether or not notation of such consent is made upon this Bond.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture or to institute, appear in, or defend any suit, action, or other proceeding at law or in equity with respect thereto, except as provided in the Indenture. In case an event of default under the Indenture shall occur, the principal of all the Bonds at any such time outstanding may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee, with the consent of the Registered Owners of a requisite principal amount of the Bonds then outstanding.

None of the members of the board of directors of the Borrower, the Board of the Issuer or any Person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

The liability and obligations of the Issuer under the Agreement and the Indenture with respect to all or any portion of the Bonds may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Agreement and the Indenture.

No covenant or agreement contained in the Bonds or in the Indenture shall be deemed to be the covenant or agreement of any appointed official, board member, officer, agent, servant or employee of the Issuer in his or her individual capacity or of any officer, agent, servant or employee of the Trustee in his or her individual capacity, and neither the members of the governing body of the Issuer nor any official executing the Bonds, including any officer or employee of the Trustee, shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

No covenant or agreement contained in the Agreement shall be deemed to be the covenant or agreement of any appointed official, officer, agent, board member, servant, or employee of the Borrower in his or her individual capacity, and the members of the governing body of the Borrower shall not be liable personally or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

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It is hereby certified, recited and declared that all conditions, acts, and things required by the Constitution or statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

Copies of the Indenture, the Agreement, the Deed of Trust and other documents relating to the Bonds are on file at the designated office of the Trustee, and reference is made to those instruments for the provisions relating, among other things, to the limited liability of the Issuer, the terms of and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee to all of which the Registered Owner hereof, by acceptance of this Bond, assents.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, Idaho Housing and Finance Association has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman and attested by the manual or facsimile signature of its Secretary-Treasurer.

**IDAHO HOUSING AND FINANCE  
ASSOCIATION**

By: \_\_\_\_\_  
Steven R. Keen, Chairman

Attest:

By: \_\_\_\_\_  
Nancy Vannorsdel, Secretary-Treasurer

**CERTIFICATE OF AUTHENTICATION**

Date of Authentication: \_\_\_\_\_, 2024

This is one of the Series 2024B Bonds described in the within mentioned Indenture.

**ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION**, as Trustee

By: \_\_\_\_\_  
Jennifer Mabbott, Vice President  
Zions Bank Division

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_  
(Social Security or Federal Taxpayer Identification Number)

\_\_\_\_\_  
(Please print or typewrite Name and Address, including Zip Code, of Assignee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints the Trustee under the Indenture as registrar and attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed by:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a “signature guarantee program” (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

\_\_\_\_\_  
NOTICE: The signature of the registered owner to this assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

**LOAN AGREEMENT**

by and between

IDAHO HOUSING AND FINANCE ASSOCIATION,  
as Issuer

and

ALTURAS PREPARATORY ACADEMY, INC.  
as Borrower

\$ \_\_\_\_\_  
Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)

and

\$ \_\_\_\_\_  
Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024B (Credit Enhancement) (Federally Taxable)

Dated as of October 1, 2024

Pursuant to the Indenture (defined herein), the Issuer has transferred into trust, granted a security interest in and assigned to the Trustee for the benefit of the Registered Owners, all right, title, and interest of the Issuer in this Loan Agreement, except for any deposits to the Cost of Issuance Fund and the Rebate Fund, and except for the Issuer’s Unassigned Rights (as defined in the Indenture).

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## LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of October 1, 2024 (this “Agreement”), is between IDAHO HOUSING AND FINANCE ASSOCIATION (the “Issuer”), an independent public body corporate and politic, organized and existing under the laws of the State of Idaho (the “State”), and ALTURAS PREPARATORY ACADEMY, INC. (the “Borrower”), an Idaho nonprofit corporation designated as a charter school by the State.

### W I T N E S S E T H:

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree and bind themselves as follows:

## ARTICLE I

### DEFINITIONS

All terms defined in Article I of the Indenture shall have the same meaning in this Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

“Accountant” means initially, Quest CPAs PLLC, or thereafter any other independent certified public accounting firm licensed to practice in the State (which may be the firm of accountants that regularly audits the books and accounts of the Borrower) from time to time selected by the Borrower.

“Accountant’s Certificate” means a report, certificate or opinion by the Accountant.

“Annual Debt Service Requirements” of any specified Person means, for any Fiscal Year, the principal of (and premium, if any) and interest and other debt service charges (which include for purposes hereof, any fees or premiums for any letter of credit, surety bond, policy of insurance, bond purchase agreement, or any similar credit or liquidity support secured in connection therewith payable in such Fiscal Year) on all Long-Term Indebtedness of such Person coming due at maturity or stated maturity, and, for such purposes, any one or more of the following rules shall apply:

(a) If such Person has received a binding commitment, within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to refund or purchase any of its Long-Term Indebtedness at its maturity (or, if due on demand, or payable in respect of any required purchase of such debt by such Person, at any date on which demand may be made), then the portion of the Long-Term Indebtedness committed to be refunded or purchased shall be excluded from such calculation and the principal of (and premium, if any) and interest on the Long-Term Indebtedness incurred for such refunding or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the maturity or purchase date of the Long-Term Indebtedness to be refunded or purchased, shall be added;

(b) In the case of Balloon Debt, if the Person obligated thereon shall deliver to the Trustee, the Issuer and any Beneficial Owner requesting such in writing a certificate of a nationally recognized firm of investment bankers or financial consultants dated within 90 days prior to the date of delivery of such certificate to the Trustee, the Issuer and such Beneficial Owner stating that financing at a stated interest rate (which shall not be less than the *Bond Buyer* Revenue Bond Index or, if the *Bond Buyer* Revenue Bond Index is unavailable, a comparable index chosen by the Borrower) with a stated maturity not greater than 30 years is reasonably attainable on the date of such certificate to refund any of such Balloon Debt, then for the purpose of calculating what future Annual Debt Service Requirements will be, any installment of principal of (and premium, if any) and interest and other debt service charges on such Balloon Debt that could so be refunded shall be excluded from such calculation and the principal plus interest of the refunding debt shall be evenly allocated over the life of the refunding debt with equal principal payments plus interest deemed due each year;

(c) Principal of (and premium, if any) and interest and other debt service charges on Indebtedness, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal, premium, interest, or other debt service charges are payable from funds irrevocably deposited or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust or escrowed with the Trustee, or any Independent Person approved by the Trustee);

(d) As to any Indebtedness that bears interest at a variable interest rate which cannot be ascertained at the time of calculation, an interest rate equal to the lesser of an annual interest rate equal to the *Bond Buyer* Revenue Bond Index (or, if the *Bond Buyer* Revenue Bond Index is unavailable, a comparable index chosen by the Borrower) and the weighted average rate of interest born by such Indebtedness (or other indebtedness of comparable credit quality, maturity and purchase terms in the event that such debt was not outstanding) during the preceding Fiscal Year (or any period of comparable length ending within 180 days) prior to the date of calculation shall be presumed to apply for all future dates and the principal shall be amortized on a level debt service basis over the life of the Indebtedness but solely for the purpose of spreading the principal requirements for calculation of coverage;

(e) In the case of any guarantees or other Indebtedness described in subparagraph (c) of the definition of Indebtedness, the principal of (and premium, if any) and interest and other debt service charges on such Indebtedness for any Fiscal Year shall be deemed to be 25% of the principal of (and premium, if any) and interest and other debt service charges on the indebtedness guaranteed due in such Fiscal Year; *provided, however,* that if the Borrower is actually required to make any payment in respect of such Indebtedness, the total amount payable by the Borrower in respect of such guarantee or other obligation in such Fiscal Year shall be included in any computation of the Annual Debt Service Requirements of the Borrower for such year and the amount payable by the Borrower in respect of such guarantee or other obligation in any future Fiscal Year shall



be included in any computation of the estimated Annual Debt Service Requirements for such Fiscal Year; and

(f) In the event a Financial Products Agreement shall have been issued or entered into in respect of all or a portion of any Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service Requirements by including for such period an amount equal to the amount payable on such Long-Term Indebtedness in such period at the rate or rates stated in such Long-Term Indebtedness plus any payments payable by the Borrower in respect of such Financial Products Agreement minus any payments receivable by the Borrower in respect of such Financial Products Agreement.

“Authorizer” means the Idaho Public Charter School Commission, or any successor thereof.

“Balloon Debt” means Long-Term Indebtedness where the principal of (and premium, if any) and interest and other debt service charges on such Long-Term Indebtedness due (or payable in respect of any required purchase of such Indebtedness by such Person on demand) in any Fiscal Year either are equal to at least 25% of the total principal of (any premium, if any) and interest and other debt service charges on such Long-Term Indebtedness or exceed by more than 50% the greatest amount of principal of (and premium, if any) and interest and other debt service charges on such Long-Term Indebtedness due in any preceding or succeeding Fiscal Year.

“Board” means the Board of Directors of the Borrower.

“Cash on Hand” means the sum of cash, cash equivalents, liquid investments and unrestricted marketable securities (valued at the lower of cost or market value) of the Borrower. Cash on Hand specifically does not include amounts held by the Trustee.

“Charter Contract” means the charter agreement between Borrower and the Authorizer, as revised and accepted by the Authorizer, together with any subsequent applications to modify or renew the Charter Contract.

“Coverage Ratio” means the ratio of the Borrower’s Net Income Available for Debt Service over the principal and interest requirements on Long-Term Indebtedness during such Fiscal Year.

“Days Cash on Hand” means (i) Cash on Hand of the Borrower, as shown on the financial statements for each Fiscal Year divided by (ii) the quotient of Operating Expenses, as shown on the financial statements of the Borrower for such Fiscal Year, divided by 365.

“Dissemination Agent” means Zions Bancorporation, National Association, Boise, Idaho, and its successors and assigns or any successor Dissemination Agent appointed by the Borrower pursuant to the provisions of the Continuing Disclosure Agreement.

“Environmental Damages” means all claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability), encumbrances, Liens, privileges, costs, and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment, of whatever kind or nature, contingent or otherwise,

matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys’ fees and expert consultants’ fees and disbursements, any of which are incurred at any time as a result of the existence of Regulated Chemicals upon, about, beneath or migrating, or threatening to migrate, onto or from the Facilities, or the existence of a violation of Environmental Requirements pertaining to the Facilities, regardless of whether or not such Environmental Damages were caused by or within the control of the Borrower.

“Environmental Law” means the Comprehensive Environmental Response, Compensation and Liability Act of 1976, 42 U.S.C. §§ 6901 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by SARA, 42 U.S.C. §§ 1820 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1810 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 9601 et seq., the Clean Water Act, 33 U.S.C. §§ 1251 et seq. and the Clean Air Act, 42 U.S.C. §§ 7412 et seq., and any other applicable federal or state laws pertaining to the protection of the environment, as any such laws may be amended, modified or supplemented and any regulations promulgated pursuant to any of the foregoing.

“Environmental Report” means any Environmental Assessment Tests (each as defined in Section 6.8 herein), or other environmental report or audit conducted at the Facilities for any reason.

“Environmental Requirements” means all applicable federal, State, regional or local laws, statutes, rules, regulations or ordinances, concerning public health, safety or the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251, et seq., the Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601, et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. §§ 11001, et seq., the Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401, et seq., the National Environmental Policy Act of 1975, 42 U.S.C. § 4321, the Rivers and Harbors Act of 1899, 33 U.S.C. §§ 401 et seq., the Endangered Species Act of 1973, as amended 16 U.S.C. §§ 1531, et seq., the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651, et seq., the Safe Drinking Water Act of 1974, as amended 42 U.S.C. §§ 300(f), et seq., and all rules, regulations, policies and guidance documents promulgated or published thereunder, and any State, regional or local statute, law, rule, regulation or ordinance relating to public health, safety or the environment, including, without limitation those relating to:

- (a) releases, discharges, emissions or disposals to air, water, land or groundwater;
- (b) the withdrawal or use of groundwater;
- (c) the use, handling, or disposal of polychlorinated biphenyls (“PCBs”), asbestos or urea formaldehyde;

(d) the transportation, treatment, storage, disposal, release or management of hazardous substances or materials (including, without limitation, petroleum, its derivatives, by-products or other hydrocarbons), and any other solid, liquid, or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Facilities or any property adjacent to or surrounding the Facilities;

(e) the exposure of persons to toxic, hazardous, or other controlled, prohibited or regulated substances; and

(f) any Regulated Chemical.

“Event of Default” means those defaults specified in Section 10.1 hereof and in Section 8.1 of the Indenture.

“Financial Products Agreement” means any type of financial management instrument or contract, which shall include, but not be limited to, (a) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (b) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (c) any contract to exchange cash flows or payments or a series of payments; (d) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk forward supply agreements; and (e) any other type of contract or arrangement that the governing body of the Borrower determines is to be used, or is intended to be used, to manage or reduce the cost of debt (including but not limited to a bond insurance policy), to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

“Gross Proceeds” has the meaning set forth in Section 1.148-1(b) of the Treasury Regulations.

“Hazardous Material” means: (a) any substances defined as “hazardous substances,” “pollutants,” “contaminants,” “hazardous materials,” “hazardous wastes,” or “hazardous or toxic substances” or related materials as now or hereafter defined in any Environmental Law; (b) those substances listed or otherwise identified as substances of the type referred to in the preceding subsection (a) in the regulations adopted and publications issued pursuant to any Environmental Law, as the same may be amended, modified or supplemented; (c) any friable asbestos, airborne asbestos in excess of that generally found in the atmosphere, respectively, where the Facilities are located, or any substance or material containing asbestos, excluding any such materials located on the Facilities prior to the date hereof so long as such materials are contained, maintained, abated or removed in compliance with all applicable Environmental Laws; and (d) any substance the presence of which on the Facilities is prohibited by any applicable Environmental Law; provided that Hazardous Material shall not include any such substances used in or resulting from the ordinary operation of the Facilities or for the cleaning of the Facilities, provided that such

substances are stored, handled and disposed of in compliance with all applicable Environmental Laws and other applicable laws and regulations.

“Indenture” means the Trust Indenture, dated as of October 1, 2024, between the Issuer and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

“Independent” when used with respect to any specified Person means such a Person who (i) is in fact independent, (ii) does not have any direct financial interest or any material indirect financial interest in the Borrower, and (iii) is not connected with the Borrower as an officer, employee, promoter, member of the board of trustees or directors, partner or person performing similar functions.

“Inspecting Consultant” means an architectural, engineering or construction management firm hired and paid for by the Borrower to the Trustee’s satisfaction.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Treasury Regulations.

“Irrevocable Deposit” means the irrevocable deposit in trust of cash in an amount (or Government Obligations, the principal of and interest on which will be in an amount) and under terms sufficient to pay all or a specified portion of the principal of, premium, if any, and/or the interest on, as the same shall become due, any Indebtedness which would otherwise be considered Outstanding. The trustee of such deposit shall have possession of any cash and securities (other than book-entry securities) and may be the Trustee or any other trustee authorized to act in such capacity.

“Issue Price” means the par amount of any series of Tax-Exempt Bonds plus original issue premium, if any, less original issue discount, if any.

“Liabilities” means any causes of action (whether in contract, tort or otherwise), claims, costs, damages, demands, judgments, liabilities, losses, suits and expenses (including, without limitation, reasonable costs of investigation, and attorney’s fees and expenses) of every kind, character and nature whatsoever.

“Lien” means any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Borrower or which secures any obligation of any Person other than an obligation to the Borrower excluding liens applicable to property in which the Borrower has only a leasehold interest unless the lien secures Indebtedness.

“Loan” means the loan by the Issuer to the Borrower of the proceeds from the sale of the Bonds pursuant to this Agreement.

“Loan Payment(s)” means those payments required to be paid by the Borrower pursuant to Section 5.1 hereof.

“Majority Bondholder” means the Registered Owner of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

“Management Consultant” means a firm of Independent professional management consultants, an Independent school management organization or an Independent financial advisor, knowledgeable in the operation of public or private schools and having a favorable reputation for skill and experience in the field of charter school management consultation.

“Net Income Available for Debt Service” means, for any period of determination thereof, the aggregate Pledged Revenues of the Borrower for such period minus the total Operating Expenses for such period but excluding from Operating Expenses for purposes of this calculation: (a) any profits or losses which would be regarded as extraordinary items under Generally Accepted Accounting Principles, (b) gain or loss in the extinguishment of Indebtedness, (c) proceeds of the Bonds and any other Indebtedness permitted by the Loan Agreement, and (d) proceeds of insurance policies, other than policies for business interruption insurance, maintained by or for the benefit of the Borrower, the proceeds of any sale, transfer or other disposition of the Facilities or any other of the Borrower’s assets by the Borrower, and any condemnation or any other damage award received by or owing to the Borrower. For clarity, when determining Net Income Available for Debt Service, principal and interest requirements on Long-Term Indebtedness shall not be considered an Operating Expense.

“Permitted Encumbrance” means any of the following:

- (a) Liens for taxes and special assessments on the Facilities not then delinquent;
- (b) the Deed of Trust;
- (c) purchase money security interests with respect to any item of equipment related to the Facilities;
- (d) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facilities or any reasonably probable future use of the Facilities, or (ii) materially reduce the value which would be reasonably expected to be received for the Facilities upon any sale (including any foreclosure of the mortgage granted by the Deed of Trust);
- (e) mechanics’ and materialmen’s Liens related to the Facilities when payment of the related bill is not overdue;
- (f) mechanics’ and materialmen’s Liens, security interests or other encumbrances related to the Facilities to the extent permitted in Section 6.1 hereof;
- (g) judgment Liens against the Borrower so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;
- (h) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facilities, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the

Facilities or materially and adversely affect the value thereof, or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facilities; (ii) Liens on the Facilities for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges not yet due or delinquent; (iii) easements, rights-of-way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facilities which do not materially impair the use of the Facilities or materially and adversely affect the value thereof; or (iv) rights reserved to or vested in any municipality or public authority to control or regulate the Facilities or to use the Facilities in any manner, which rights do not materially impair the use of the Facilities or materially and adversely affect the value thereof;

(i) Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds and set forth on the mortgagee’s title policy delivered in accordance with Section 4.9 hereof, provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facilities not subject to such Lien on such date, unless such Lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance hereunder or is otherwise permitted pursuant to Section 8.13 hereof;

(j) Liens on the Facilities and the Pledged Revenues or any Indebtedness which meet the conditions described in Section 8.13 hereof; and

(k) Liens arising by reason of an Irrevocable Deposit.

(l) Liens on the Facilities and the Pledged Revenues (subordinate to the Deed of Trust) to secure payment of indebtedness subordinate to the obligations of the Borrower under Section 8.13 hereof.

“Regulated Chemicals” means any substance, the presence of which requires investigation, permitting, control or remediation under any federal, State or local statute, regulation, ordinance or order, including without limitation:

(a) any substance defined as “hazardous waste” under the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901 et seq.);

(b) any substance defined as a “hazardous substance” under the Comprehensive Environmental Response, Compensation and Liability Act, as amended (42 U.S.C. §§ 9601 et seq.);

(c) any substance defined as a “hazardous material” under the Hazardous Materials Transportation Act (49 U.S.C. §§ 1800 et seq.);

(d) any substance defined under any Idaho statute analogous to (a), (b) or (c), to the extent that said statute defines any term more expansively;

(e) asbestos;

- (f) urea formaldehyde;
- (g) polychlorinated biphenyls;
- (h) petroleum, or any distillate or fraction thereof;
- (i) any hazardous or toxic substance designated pursuant to the laws of the State; and
- (j) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority.

“Repair and Replacement Fund” means the fund by that name established and held by the Borrower.

“Repair and Replacement Fund Requirement” means annual deposits to the Repair and Replacement Fund in amounts equal to:

- (a) 1.00% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2029;
- (b) 1.25% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2030, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2034;
- (c) 1.50% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2035, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2039;
- (d) 1.75% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2040, and each Fiscal Year thereafter through Fiscal Year ending June 30, 2044; and
- (e) 2.00% of the value of the school buildings consisting of the Charter School as of June 30 of the preceding Fiscal Year, commencing Fiscal Year ending June 30, 2045, and each Fiscal Year thereafter.

The value of the school buildings consisting of the Charter School shall be equal to the “Buildings” value presented in the Borrower’s respective audited Financial Statements, exclusive of accumulated depreciation.

Moneys on deposit in the Repair and Replacement Fund shall be used exclusively for (i) the maintenance and repair of the school buildings consisting of the Charter School, (ii) to address any serious or imminent safety hazard existing on the Charter School campus as determined by the best efforts of the Borrower, and/or (iii) the payment of the Borrower’s outstanding Indebtedness.

Unexpended moneys in the Repair and Replacement Fund in an aggregate maximum amount equal to 5.00% of the value of the school buildings consisting of the Charter School as of June 30 of the prior Fiscal Year, exclusive of accumulated depreciation, shall be carried over from year to year and shall remain allocated for these purposes, and may be considered in testing the Covenant as to Cash on Hand pursuant Section 8.18 of this Agreement and the Minimum Debt Service Coverage Ratio Covenant pursuant to Section 8.19 of this Agreement. Unexpended moneys in the Repair and Replacement Fund exceeding an amount equal to 5.00% of the value of the school buildings consisting of the Charter School as of June 30 of the prior Fiscal Year, exclusive of accumulated depreciation, may be used by the Borrower for any lawful purpose.

“Retirement Date” means for each series of Bonds, the date on which the last Bond of such series is redeemed and cancelled.

“Series 2024 Notes” shall have the same meaning set forth in the Indenture.

“Series 2024A Note” shall have the same meaning set forth in the Indenture.

“Series 2024B Note” shall have the same meaning set forth in the Indenture.

“Yield” of

- (a) any Investment has the meaning set forth in Section 1.148-5 of the Treasury Regulations; and
- (b) any Tax-Exempt Bonds has the meaning set forth in Section 1.148-4 of the Treasury Regulations.

## ARTICLE II REPRESENTATIONS

**Section 2.1 Representations by the Issuer.** The Issuer represents that:

- (a) The Issuer is an independent public body corporate and politic duly organized and existing under the laws of the State of Idaho;
- (b) In order to finance the costs of the Series 2024 Project, in an amount estimated by the Borrower, the Issuer has duly authorized the execution, delivery, and performance on its part of the Bond Purchase Agreement, the Indenture, and this Agreement in connection with the issuance of the Series 2024 Bonds;
- (c) The Issuer proposes to issue its Series 2024 Bonds immediately following the execution and delivery of this Agreement. The series designation, date, denomination or denominations, interest rate or rates, maturity schedule, redemption provisions and other pertinent provisions with respect to the Bonds are set forth in the Indenture;

(d) The Issuer makes no representation or warranty that the amount of the Loan will be adequate or sufficient to finance the Series 2024 Project or that the Series 2024 Project and the Facilities will be adequate or sufficient for the purposes of the Borrower;

(e) The Issuer has not pledged, assigned, or granted, and will not pledge, assign, or grant any of its rights or interest in or under this Agreement for any purpose other than as provided for in the Indenture; and

(f) The Bonds are limited obligations of the Issuer payable solely from the Trust Estate, do not give rise to a general obligation or liability of the Issuer or charge against its general credit and shall never constitute nor give rise to a pecuniary liability of the Issuer. The Bonds do not constitute a debt, liability or loan of credit or a pledge of the full faith and credit or taxing power of the State of Idaho or of any political subdivision thereof. The Issuer shall have no liability to pay the Series 2024 Bonds except from the amounts that it receives under this Agreement.

**Section 2.2 Representations by the Borrower.** The Borrower represents and covenants that:

(a) The Borrower is duly organized and existing as a nonprofit corporation in the State, it will maintain, extend and renew its nonprofit corporate existence under the laws of the State, and it will not do, suffer or permit any act or thing to be done whereby its right to transact its functions as such might or could be terminated or its activities restricted.

(b) The Borrower operates the Charter School as a public school in accordance with the terms of the Charter Agreement and the Charter Schools Act.

(c) So long as any Bonds are Outstanding, the Borrower covenants and agrees to manage the Facilities in a manner that permits it to meet its obligations under this Agreement.

(d) The Borrower is organized and operated for the purpose of providing educational services under the Charter Schools Act, and with the power to own, develop, construct, rehabilitate, operate, equip, and maintain its charter school facilities, the Borrower has been duly authorized to execute each of the Borrower Documents and consummate all of the transactions contemplated thereby, and the execution, delivery, and performance of the Borrower Documents will not conflict with or constitute a breach of or default by the Borrower under any other instrument or agreement to which the Borrower is a party or to which its property is bound.

(e) The Borrower's execution, delivery, and performance of the Borrower Documents shall not constitute a violation of any order, rule, or regulation of any court or governmental agency having jurisdiction over the Borrower.

(f) There are no pending or, to the Borrower's knowledge, threatened actions, suits, or proceedings of any type whatsoever affecting the Borrower, the Borrower's

property, or the Borrower's ability to execute, deliver, and perform with respect to any of the Borrower's Documents, except as otherwise set forth in the Official Statement.

(g) The Facilities will constitute and shall be used as a public charter school and are a permissible "project" within the provisions of the Act.

(h) Neither the representations of the Borrower contained in the Borrower Documents, the Preliminary Official Statement, the Official Statement nor any oral or written statements, furnished by the Borrower, nor written statements furnished on behalf of the Borrower, to the Issuer, Bond Counsel or the Underwriter in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Borrower has not disclosed to the Issuer and the Underwriter of the Bonds in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(i) To the Borrower's knowledge, the use of the Facilities, as it is proposed to be operated, complies with all presently applicable zoning, development, pollution control, water conservation, environmental, and other laws, regulations, rules, and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Facilities are located.

(j) The Borrower has obtained all necessary approvals of and licenses, permits, consents, and franchises from federal, state, county, municipal, or other governmental authorities having jurisdiction over the Facilities to operate the Facilities, and to enter into, execute, and perform its obligations under this Agreement and the other Borrower Documents.

(k) The Facilities, as designed and as operated or caused to be operated by the Borrower meet all material requirements of law, including requirements of any federal, state, county, city or other governmental authority having jurisdiction over the Facilities or its use and operation.

(l) None of the Issuer Indemnified Parties has any significant or conflicting interest, financial, employment, or otherwise, in the Borrower, the Facilities, or in any of the transactions contemplated under the Borrower Documents.

(m) As of the Closing Date, there has been no material adverse change in the financial condition, prospects, or business affairs of the Borrower or the feasibility or physical condition of the Facilities since the date on which the Issuer adopted its resolution approving the issuance of the Series 2024 Bonds.

(n) The Borrower (i) understands the nature of the structure of the transactions related to the financing of the Series 2024 Project; (ii) is familiar with all the provisions of the documents and instruments related to such financing to which the Borrower or the

Issuer is a party or which the Borrower is a beneficiary; (iii) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Facilities; and (iv) has not relied on the Issuer for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Issuer in any manner, except to issue the Bonds in order to provide funds for the Loan.

(o) The Borrower hereby acknowledges receipt of the Indenture, agrees to be bound by its terms, and accepts all obligations and duties imposed thereby.

(p) Notwithstanding any provisions of this Section 2.2, if the Borrower shall provide to the Issuer and the Trustee an opinion of Bond Counsel that any specified action required under this Section or Section 3.16 of the Indenture is no longer required or that some further or different action is required to maintain the excludability from federal income tax of interest on the Tax-Exempt Bonds, the Issuer, the Trustee and the Borrower may conclusively rely on such opinion in complying with the requirements of this Section and Section 3.16 of the Indenture and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

(q) Except during the continuance of an Event of Default, the Borrower shall have a duty to direct the Trustee to invest or reinvest all money held for the credit of all Funds established by the Indenture in accordance with Article VI of the Indenture.

(r) All representations of the Borrower contained herein or in any certificate or other instrument delivered by the Borrower pursuant hereto, to the Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale, and delivery of the Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

(s) The Borrower covenants and agrees to pay, when due, all costs and expenses of the Issuer incurred in connection with the Bonds or the Project not paid from the Cost of Issuance Fund, including, without limitation, each and all of the following:

(i) all indemnity payments;

(ii) all expenses incurred by the Issuer in connection with the Project, the Bonds, the Indenture, or any of the Borrower Documents, including, without limitation, its attorneys' fees and expenses and its advisors' fees and expenses; and

(iii) the fees and expenses of the Rebate Analyst.

(t) The Borrower will not grant any Liens on all or any portion of the Facilities or the Pledged Revenues (other than the Lien against the Pledged Revenues effected by this Agreement and Permitted Encumbrances).

(u) Upon the execution by the Borrower of the Deed of Trust and its subsequent recording, and upon the filing of UCC-1 financing statements or amendments thereto, the Trustee will have a valid first Lien on the Facilities and a valid security interest in the

personal property located therein, subject to no Liens, charges or encumbrances other than the Permitted Encumbrances, and the Borrower will take all necessary actions including filing continuation statements to preserve such Lien and security interest. The Borrower shall not change its name unless prior to the effective date of such change the Borrower has notified the Trustee of such change and has filed and taken, or assisted the Trustee in filing and taking, all actions necessary under the Uniform Commercial Code and other applicable law in order to preserve and protect such Lien and security interest following such name change have been made and taken.

(v) The Borrower shall provide the reports set forth in Section 8.5 hereof.

**Section 2.3 Borrower's Tax Covenants.** The Borrower represents and covenants that:

(a) The Borrower will not take any action or omit to take any action, which action or omission will adversely affect the excludability from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon an Opinion of Bond Counsel, and in all cases at the sole expense of the Borrower, as may rescind or otherwise negate such action or omission. The Borrower will not directly or indirectly, use or permit the use of any Bond Proceeds of the Series 2024A Bonds or any other funds of the Borrower, or take or omit to take any action, that would cause the Tax-Exempt Bonds to be or become "arbitrage bonds" within the meaning of Section 148(a) of the Code (or their statutory predecessor) or to fail to meet any other applicable requirements of the Code (or their statutory predecessor). To that end, the Borrower will comply with all terms and conditions of the Tax Certificate and the applicable requirements of the Code (or their statutory predecessor) to the extent applicable to the Tax-Exempt Bonds. In the event that at any time the Borrower is of the opinion that, for purposes of this Section 2.3, it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee or otherwise, the Borrower shall so instruct the Trustee in writing.

(b) The Issuer and the Borrower hereby covenant and agree that they shall not enter into any arrangement, formal or informal, pursuant to which the Borrower (or any "related party," as defined in Section 1.150-1(b) of the Treasury Regulations) shall purchase the Tax-Exempt Bonds. This covenant shall not prevent the Borrower from purchasing Bonds in the open market for the purpose of tendering them to the Trustee for purchase and retirement.

(c) With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that:

(i) The Borrower has used and will use the bond-financed property of a Series of Tax-Exempt Bonds in such a manner that at least 95% of the net proceeds of that Series of Tax-Exempt Bonds will be treated as used, directly or indirectly, by the Borrower in its governmental activities and not more than 5% of

the net proceeds of that Series of Tax-Exempt Bonds will be treated as used, directly or indirectly, in a private business use.

The Borrower may depart from its covenants in paragraph (i) above only if and to the extent that an Opinion of Bond Counsel is delivered, at the Borrower's expense, to the Trustee that (A) states the extent to which the Borrower may depart from such covenants, and (B) states that such departure from such covenants will not adversely affect the excludability of interest on any of the Tax-Exempt Bonds from gross income for federal income tax purposes.

(ii) The Borrower has not and will not secure directly or indirectly more than 5% of either the principal of or the interest on the Series 2024A Bonds by (A) any interest in property used or to be used for any private business use or (B) payments in respect of property used or to be used for any private business use. It will not cause or permit more than 5% of either the principal of or the interest on the Series 2024A Bonds to be derived directly or indirectly from payments (whether or not to the Issuer or the Borrower) in respect of property, or borrowed money, used or to be used for any private business use.

(iii) Except as permitted by Section 149(b)(3) of the Code, the Borrower will not permit a Series of Tax-Exempt Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code.

(iv) The statements concerning each Series of Tax-Exempt Bonds and the application of the Bond Proceeds of that Series of Tax-Exempt Bonds required by Section 149(e) of the Code, and approved by the Borrower on behalf of the Issuer, are true and complete for the purposes for which intended. The Borrower shall prepare and submit, or cause to be submitted, true and complete amendments of, or supplements to, those statements if in an Opinion of Bond Counsel such amendments or supplements are deemed to be necessary or advisable.

(v) No changes will be made in the bond-financed property of a Series or in the use of such facilities which will adversely affect the excludability from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds or will cause the interest on the Tax-Exempt Bonds, or any portion thereof, to constitute an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code. The Borrower will use the bond-financed property of a Series or cause such property to be used so long as that Series of Bonds remains unpaid so as to constitute a "project" within the meaning of the Act.

(vi) No net bond proceeds of a Series of Tax-Exempt Bonds will be used to reimburse the Borrower for any expenditure made by the Borrower more than 60 days prior to a qualifying declaration of intent, which is approved by Bond Counsel, except for planning costs and other preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Treasury Regulations not in excess of 20% of the issue

price of that Series of Tax-Exempt Bonds and de minimis expenses within the meaning of Section 1.150-2(f)(1) of the Treasury Regulations.

(vii) Borrower will not make any investment or deposit in Investment Obligations or which involves the payment or agreement to pay to a party other than the United States an amount that is required to be paid to the United States by entering into a transaction that reduces the Rebate Amount payable to the United States or results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the related Series of Tax-Exempt Bonds not been relevant to either party to the transaction.

(d) The Borrower covenants to comply with the covenants and procedures set forth in Section 3.16 of the Indenture and to deposit in the Rebate Fund such amount as may be necessary to maintain the deposit in the Rebate Fund at the Rebate Requirement.

(e) All covenants and obligations of the Borrower contained in this Section 2.3 shall remain in effect and be binding upon the Borrower until all of Series 2024 Bonds have been paid, notwithstanding any earlier termination of the Agreement or any provision for payment of principal of and premium, if any, and interest on the outstanding Series 2024 Bonds and Loan Payments and release and discharge of the Indenture.

(f) Notwithstanding any provision of this Section 2.3, if the Borrower provides, at the Borrower's expense, to the Trustee and to the Issuer an Opinion of Bond Counsel to the effect that any action required under this Section or Section 3.16 of the Indenture is no longer required, or to the effect that some further action is required, to maintain the excludability from gross income of interest on the Tax-Exempt Bonds pursuant to Section 103(a) of the Code, the Borrower, the Issuer and the Trustee may rely conclusively on such opinion in complying with the provisions hereof and Section 3.16 of the Indenture, and the covenants hereunder shall be deemed to be modified to that extent.

(g) The Borrower agrees that it will not take any action or omit to take any action or cause or permit any circumstance to arise or continue if such action or circumstance or omission would cause any revocation or adverse modification of such federal income tax status, unless it obtains, at the Borrower's expense, an Opinion of Bond Counsel, addressed to the Trustee that such revocation or modification will not adversely affect the excludability from gross income under Section 103(a) of the Code of interest paid on the Tax-Exempt Bonds or cause the interest on the Tax-Exempt Bonds, or any portion thereof, to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code.

(h) The Borrower shall make the following payments:

(i) To Correct Underpayments. If the Borrower shall be notified by the Issuer or the Trustee as of any date that any payment made to the United States Treasury in respect of the Tax-Exempt Bonds of a Series pursuant to the rebate provisions of the Indenture shall have failed to satisfy any requirement of Section 1.148-3 of the Treasury Regulations (whether or not such failure shall be due to any

default by the Borrower), the Borrower shall (1) pay to the Trustee (for deposit to the Rebate Fund) the correct amount in respect thereof, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Treasury Regulations, and (2) in the event that the Borrower has any knowledge of the reason for such failure, deliver to the Trustee a brief written explanation of such failure and any basis for concluding that such failure was not due to willful neglect.

(ii) **Preservation of Accounting Records.** The Borrower shall retain a Rebate Analyst on or before the Closing Date, and on request of the Rebate Analyst or the Trustee, provide to any such person copies of all of the Borrower's accounting records relating to the accounts and subaccounts in the Funds, for at least six years after the later of the final maturity (whether at stated maturity or earlier prepayment) of the related Promissory Note or the first date on which no Tax-Exempt Bonds of the related Series are Outstanding.

(i) The Borrower has not entered and will not enter into any arrangements with any Beneficial Owner in connection with the Series 2024A Bonds, other than as disclosed to the Issuer and Trustee.

(j) The Facilities will not be used in any manner such that net proceeds of any Tax-Exempt Bonds would be used, directly or indirectly, in any trade or business that constitutes a private business use to an extent exceeding five percent (5%) of such net proceeds, all within the meaning of Section 141(b) of the Code.

(k) With respect to any management contract, service contract, agreement or arrangement that provides for the management, operation or provision of services with respect to the Facilities or any portion thereof (a "Service Contract"), Borrower represents, warrants and covenants that neither Borrower nor any person who is a Related Person to Borrower (meaning any person with a relationship described in applicable provisions of the Code, including any person who controls a majority of the Board of Borrower) will enter into, or has entered into, any Service Contract with any person or organization other than a state or local government unit unless the guidelines set forth in Revenue Procedure 97-13, as amended by Revenue Procedure 2001-39 (the "Guidelines"), are satisfied. The requirements of the preceding sentence do not apply to the extent Borrower obtains a private letter ruling from the Internal Revenue Service or an opinion of Bond Counsel which allows for a variation from the Guidelines.

**Section 2.4 Borrower's Covenant to Comply with Charter School Laws and Charter Contract.** The Borrower covenants to comply fully and in all respects with the provisions of the Charter Schools Act and its Charter Contract so long as any Bonds remain Outstanding.

**Section 2.5 Representations by Borrower to Provide Ongoing Disclosure: Covenant to Adopt Compliance Procedures.** The Borrower hereby covenants to enter into a written undertaking for the benefit of the Owners of the related Series of Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule")

contemporaneously with the issuance of such Series of Bonds which shall be assigned to the Trustee for the benefit of the Registered Owners and each Registered Owner shall be a beneficiary of this Section 2.5 and such undertaking with the right to enforce this Section 2.5 and undertaking directly against the Borrower.

The Borrower shall within thirty (30) days following the Closing Date adopt disclosure procedures detailing the procedures the Borrower will follow to ensure that it is and remains in compliance with the Rule and its obligations under the Continuing Disclosure Agreement. Such procedures shall list the person or entity that will be responsible for overseeing the Borrower's compliance with such procedures. The Borrower shall provide the Issuer and the Trustee a copy of such procedures adopted by the Borrower no later than forty-five (45) days following the Closing Date.

**Section 2.6 Borrower's Irrevocable Direction to the State.** The Borrower hereby covenants and agrees that, in connection with the issuance of the Series 2024 Bonds, it shall use its State Payments and Charter School Facility Payments as necessary and in accordance with the terms herein and in the Indenture to make Loan Payments in the amounts necessary to pay principal and interest due on the Bonds and all of its other obligations under this Agreement and the Series 2024 Note. On or prior to the Closing Date, the Borrower shall direct the State to make all State Payments, Charter School Facility Payments, and Special Disbursements directly to the Trustee, and the Borrower shall not modify or revoke such direction so long as any obligation of the Borrower remains outstanding under this Agreement. In the event any State Payments or Charter School Facility Payments are disbursed directly to the Borrower, the Borrower shall immediately transfer such State Payments or Charter School Facility Payments to the Trustee for deposit in the Revenue Fund.

**Section 2.7 Environmental Representations.** The Borrower and its successors and assigns hereby represents and warrants:

(a) **Condition of Facilities.** To the best of its knowledge, and after review of the Phase I Report, the Facilities, including all personal property, is free from contamination by Regulated Chemicals, including, but not limited to, friable asbestos, and there has not been thereon a release, discharge or emission, or a threat of release, discharge or emission, of any Regulated Chemical on, under, in, or about the Facilities, nor has any such Regulated Chemical migrated or threatened to migrate from other properties upon, about or beneath the Facilities.

(b) **Previous Use of Facilities.** To the best of its knowledge, and after review of the Phase I Report, neither the Borrower nor any previous owner, tenant, occupant or user of the Facilities, nor any other Person, has engaged in or permitted any operations or activities upon, or any use or occupancy of the Facilities, or any portion thereof, whether legal or illegal, accidental or intentional, for the purpose of or in any way involving the handling, manufacture, treatment, storage, use, generation, release, discharge, refining, dumping or disposal of any Regulated Chemical, on, under, in or about the Facilities, nor has any such party transported any Regulated Chemical to, from or across the Facilities.



(c) Property Adjoining Facilities. To the best of its knowledge, and after due inquiry, any adjoining property has not been used as a manufacturing, storage or disposal site for Regulated Chemicals nor is any other property adjoining the Facilities affected by a violation of Environmental Requirements.

(d) Compliance with Environmental Requirements. To the best of its knowledge, and after due inquiry, the Facilities owned by the Borrower are in compliance with and has at all times been in compliance with all applicable Environmental Requirements and the Borrower has all permits and licenses required to be issued under the Environmental Requirements and is in full compliance with the terms and conditions of such permits and licenses; such permits and licenses are in full force and effect; and no changes exist in the facts or circumstances reported or assumed in the application for or granting of such permits or licenses.

(e) No Notice of Violations of Environmental Requirements. The Borrower has not received any notice, whether written or oral, concerning the Facilities owned by the Borrower, for any alleged violation or requiring compliance of Environmental Requirements, whether or not corrected to the satisfaction of the appropriate authority, or notice or other communication concerning alleged liability for Environmental Damages in connection with the Facilities owned by the Borrower, and to the best of Borrower's knowledge there exists no investigation, administrative order, consent order and agreement, litigation, settlement or judgment, whether proposed, threatened, anticipated or in existence with respect to the Facilities owned by the Borrower.

(f) Survival of Representations and Warranties. The representations and warranties set forth in this Section 2.7 shall survive the expiration or termination of the Borrower Documents, the payment of the Bonds, and the discharge of any obligations owed by the parties to each other and will survive any transfer of title to the Facilities, whether by foreclosure, or otherwise and shall not be affected by any investigation by or on behalf of the Issuer or the Trustee or any information which the Issuer or the Trustee may have or obtain with respect thereto.

Moreover, the Borrower does hereby and specifically represent and warrant that it has no affirmative knowledge or reason to believe that any condition, previous use, compliance or violation of Environmental Requirements are contrary to the description in Section 2.7(a), (b), (c), (d), and (e).

### ARTICLE III

#### TERM OF THE AGREEMENT

This Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the payments on the Promissory Notes shall have been fully paid or provision is made for such payment pursuant to the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Promissory Notes, all fees and expenses of the Issuer accrued and to accrue through final payment of the Promissory Notes and all other liabilities of the Borrower accrued and to accrue through final payment of the

Promissory Notes under this Agreement and the Indenture have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding any other provision hereof (a) the indemnification provisions of Sections 6.6 and 8.6 hereof and agreements contained in Section 10.4 hereof shall survive after the termination of the term of this Agreement; (b) all agreements, representations and certifications by the Borrower as to the excludability from gross income of interest on the Tax-Exempt Bonds shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Registered Owners of such Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Issuer Indemnified Parties, and all such agreements, representations and certifications regarding the excludability from gross income of the interest on the Tax-Exempt Bonds shall be enforceable by the Registered Owners of such Bonds, directly against the Borrower until the expiration of statutes of limitation applicable to the liability of the Registered Owners of such Bonds for federal and state income taxes with respect to the interest on the Tax-Exempt Bonds.

### ARTICLE IV

#### THE PROJECT; ISSUANCE OF THE BONDS

**Section 4.1 Agreement to Issue Series 2024 Bonds: Application of Bond Proceeds and Other Moneys.** In order to provide funds to make the Loan to finance payment of the Cost of the Series 2024 Project, the Issuer will sell and cause to be delivered to the initial purchasers thereof the Series 2024 Bonds and will make such Loan and direct the Trustee to deposit or transfer the proceeds of the Series 2024 Bonds to the respective funds and accounts established pursuant to the Indenture and in the respective amounts set forth in the Closing Memo.:

**Section 4.2 Disbursements from the Project Fund.** The Issuer has, in the Indenture, authorized and directed the Trustee to pay Costs of the Project related to the acquisition of the Existing Facilities from the proceeds on deposit in the Acquisition Account of the Project Fund on the Closing Date of the Series 2024 Bonds pursuant to the Closing Memo.

With respect to any disbursements from the Gymnasium Account within the Project Fund, the Trustee shall only make disbursements from the Gymnasium Account within the Project Fund upon satisfaction of the preconditions to disbursement set forth below and then upon such satisfaction, within three (3) Business Days of receipt by the Trustee of a completed requisition, in the form attached hereto as Exhibit B, signed by an Authorized Representative of the Borrower.

Prior to the disbursement of any funds from the Gymnasium Account within the Project Fund by the Trustee, the Borrower shall satisfy the following preconditions to disbursement on or prior to September 1, 2026:

(a) The Borrower shall certify in writing to the Trustee that it has received all zoning approvals and building permits necessary to constructing the New Facilities accompanied by an Opinion of Counsel to the Borrower opining that such zoning approvals and building permits have been obtained by the Borrower;

(b) The Borrower shall deliver to the Trustee an executed copy of a guaranteed maximum price construction contract related to the construction of the New Facilities in an amount not to exceed \$4,250,000 and shall certify in writing to the Trustee that such guaranteed maximum price construction contract relates to the construction of the New Facilities and does not exceed the amount of \$4,250,000; and

(c) If the Borrower desires to receive a portion of the funds on deposit in the Gymnasium Account within the Project Fund to acquire the parcel adjacent to the Existing Facilities to construct the New Facilities thereon, the Borrower shall deliver to the Trustee (i) an executed purchase and sale agreement between the seller of such parcel and the Borrower, (ii) a commitment to issue a date-down endorsement to the title policy delivered pursuant to Section 4.9 hereof insuring the continued priority of the Deed of Trust as amended to create a security interest in the New Facilities as constructed on such parcel, (iii) an executed amendment or supplement to the Deed of Trust or new Deed of Trust subjecting the adjacent parcel to a lien in favor of the Trustee, and (iv) an Opinion of Counsel to the Borrower opining (a) that the Borrower and its students shall have legal access to such parcel from the Existing Facilities once such parcel is acquired by the Borrower and (b) such amendment or supplement to the Deed of Trust or new Deed of Trust is valid and enforceable against the Borrower, subject to typical opinion letter conditions.

The preconditions to disbursement set forth above shall be satisfied by the Borrower no later than September 1, 2026. If such preconditions to disbursement are satisfied by the Borrower on or prior to September 1, 2026, then the Borrower shall have until October 1, 2026, to receive its first disbursement from the Gymnasium Account within the Project Fund by submitting a completed requisition to the Trustee as set forth above accompanied by a date-down endorsement to the applicable title insurance policy insuring the continued priority of the Lien of the Deed of Trust. If the Borrower fails to receive its first disbursement from the Gymnasium Account within the Project Fund by October 1, 2026, the Borrower hereby acknowledges that the Trustee shall cause the Series 2024A Bonds to be redeemed pursuant to the special mandatory redemption provisions of Section 5.5. of the Indenture.

**Section 4.3 Reserved.**

**Section 4.4 Disbursements from the Cost of Issuance Fund.** The Issuer has, in the Indenture, authorized and directed the Trustee to make payments from the Cost of Issuance Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Cost of Issuance Fund only for paying the costs of legal, accounting, organization, marketing, trustee or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the Issuer or the Borrower in connection with the issuance of the Bonds. The Issuer does not make any warranty either express or implied that the moneys in the Cost of Issuance Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Borrower agrees to pay costs in excess of the amount in the Cost of Issuance Fund from any moneys legally available for such purpose. Each payment out of the Cost of Issuance Fund shall be made only upon receipt by the Trustee of a requisition signed by an Authorized Representative of the Borrower stating the payee, the amount to be paid and certifying that such cost was incurred in connection with the issuance of the Series 2024 Bonds; provided however, the Trustee is

authorized and directed on the Closing Date to pay upon receipt of an invoice from the payees set forth in the Closing Memo the amounts not to exceed those as set forth therein from the respective accounts within the Cost of Issuance Fund as indicated in such Closing Memo

Any amounts remaining on deposit in the Cost of Issuance Fund with respect to a Series of Bonds on January 1, 2025, shall be transferred by the Trustee to the Bond Interest Fund as provided in Section 3.13 of the Indenture.

**Section 4.5 [Reserved].**

**Section 4.6 Obligation of the Borrower to Furnish Documents to Trustee.** Except for the initial disbursement from the Cost of Issuance Fund in the amounts and to the payees listed in Exhibit B to the Indenture, the Borrower agrees that the requisitions referred to in Sections 4.2 and 4.4 hereof must be furnished to the Trustee before the Trustee will disburse funds held under the Indenture.

**Section 4.7 Investment of Moneys.** Any moneys held as a part of the Funds shall be invested, reinvested, and transferred to other Funds by the Trustee at the written direction of an Authorized Representative of the Borrower as provided in Article VI of the Indenture. In addition, the Borrower covenants that any money held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Certificate to the extent required to comply with the covenants contained in Section 4.8 hereof. The Borrower shall provide to the Trustee and Issuer within 60 days after the end of each Rebate Year for each Series of Bonds, a certificate of the Borrower to the effect that (a) all requirements of the Agreement, the Indenture and the Tax Certificate with respect to the Rebate Fund have been met on a continuing basis, (b) the proper amounts have been and are on deposit in the Rebate Fund as calculated annually by a Rebate Analyst, and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either money of the Borrower together with a direction from the Borrower to the Trustee to either deposit such money to the Rebate Fund or to pay such money over to the United States Treasury, as appropriate, or directions from the Borrower to the Trustee to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate. The Borrower acknowledges the provisions of Section 6.3 of the Indenture which limit the amount of money to be so transferred from the Funds at its direction.

If the certificate described in the preceding paragraph is not delivered to the Trustee and Issuer on its due date, during the term of this Agreement, the Trustee shall (or shall cause an expert satisfactory to the Trustee to) do all things necessary to enable the Borrower (or such expert) to make such certification as soon as possible. The Trustee shall transfer moneys from other Funds as provided in Section 3.16 of the Indenture to the Rebate Fund or the United States Treasury, as appropriate, if required.

The Trustee shall be entitled to assume, absent receipt by the Trustee of written notice to the contrary, that any investment which at the time of purchase is an Investment Obligation remains an Investment Obligation thereafter.

The Issuer acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations. The Trustee shall furnish to the Issuer and Borrower periodic statements which include detail of all investment transactions made by the Trustee.

Borrower acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of security transactions as they occur. Borrower specifically waives such notification to the extent permitted by law and acknowledges that the Borrower will receive periodic cash transaction statements, which will detail all investment transactions. Unless contrary to written investment directions previously submitted to the Trustee, an account statement delivered by the Trustee to the Borrower shall be deemed written confirmation by the Borrower that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by the Borrower, unless the Borrower notifies the Trustee in writing to the contrary within 30 days after the date of such statement.

**Section 4.8 Tax Covenants.** The Borrower, covenants for the benefit of the Issuer and the Registered Owners of the Tax-Exempt Bonds that it will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the Borrower or any of the property of the Borrower, including the Facilities, if such action or omission (a) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, or (b) would cause interest on the Tax-Exempt Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds until the expiration of statutes of limitations applicable to the liability of the Registered Owners of the Tax-Exempt Bonds for federal and state income taxes with respect to interest on the Tax-Exempt Bonds.

The Borrower further covenants, represents and warrants that the procedures set forth in the Tax Certificate implementing the above covenant shall be complied with to the extent necessary under the Code to maintain the excludability from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes (except to the extent noted in the preceding paragraph) or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations.

**Section 4.9 Title Insurance.** On the date of recordation of the Deed of Trust, the Trustee shall be provided with a commitment to issue an extended form mortgagee's title insurance policy insuring the Trustee's interest in and Lien against the Land and other property subject to the Deed of Trust, as described on Exhibit A hereto subject to Permitted Encumbrances, in an amount not less than the principal amount of the Bonds or the insurable value of the Mortgaged Property, as permitted by applicable law, a copy of which shall be delivered to the Trustee. Each such policy shall be in the form of a standard or extended American Land Title Association Policy, as applicable, and may not permit the title insurer to purchase any Bonds in lieu of providing payment under the policy unless, upon purchase, such Bonds are cancelled. Upon the date of

issuance of the Bonds, the Deed of Trust shall be recorded in the real property records of Bonneville County and provide the Trustee with a perfected first priority Lien interest in the Facilities and the other property subject to the Deed of Trust, subject to any Permitted Encumbrances.

Upon the execution by the Borrower of the Deed of Trust and its subsequent recording, and upon the filing of UCC-1 financing statements or amendments thereto, the Trustee will have a valid first priority Lien on the Facilities and a valid security interest in the personal property subject to no Liens, charges or encumbrances other than the Permitted Encumbrances, and the Borrower will take all necessary actions including cooperating with the Trustee in filing continuation statements to preserve such Lien and security interest.

**ARTICLE V  
PAYMENT PROVISIONS**

**Section 5.1 Loan Payments and Other Amounts Payable.**

(a) The Borrower shall pay (or cause to be paid) for repayment of the Loan until the principal of, premium, if any, and interest on the Bonds shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture, into the Revenue Fund on each Disbursement Date during the term of this Agreement (i) commencing after the date of issuance of the Bonds, (after taking into consideration amounts then on deposit in the Bond Interest Fund) amounts sufficient to pay the interest on the Bonds on the next succeeding Interest Payment Date and then principal on the Bonds on the next succeeding Principal Payment Date. If the dates of the State Payments change by legislation or otherwise, then Borrower agrees to abide by Trustee's determination of new Disbursement Dates and amounts under Section 3.22 of the Trust Indenture and agrees to pay the cost of any Management Consultant needed by Trustee to make such determination.

(b) On or before the redemption of any Bonds pursuant to the Indenture (other than a sinking fund redemption date), whether an optional redemption or mandatory redemption, the Borrower shall pay as repayment of the Loan for deposit into the Bond Principal Fund an amount of money meeting the definition of Protected Funds which, together with the payments made by the Borrower on its Promissory Notes then on deposit in the Bond Principal Fund, is sufficient to pay the principal of and premium, if any, on the Bonds called for redemption in an amount equivalent to the principal amount of the Promissory Notes being prepaid and for deposit into the Bond Interest Fund an amount of money which, together with the payments made by the Borrower on its Promissory Notes then on deposit in the Bond Interest Fund, is sufficient to pay the interest accrued to the redemption date of Bonds called for redemption in an amount equivalent to the principal amount of the Promissory Notes being prepaid.

(c) During the term of this Agreement, the Borrower shall pay or provide for the payment of all taxes and assessments, general or special, concerning or in any way related to the Facilities and the Project or any part thereof, and any other governmental

charges and impositions whatsoever related to the Facilities or the Project, and premiums for insurance policies maintained on the Facilities and the Project as required by this Agreement.

(d) The Borrower agrees to pay or cause to be paid to the Trustee the reasonable and necessary fees and expenses of the Trustee, including its attorney fees and expenses, as and when the same become due, upon submission of a statement therefor; provided that the Borrower may, without creating a default hereunder, contest in good faith any such fees or expenses.

(e) The Borrower shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be paid pursuant to the Indenture and the Tax Certificate at the times and in the manner specified therein.

(f) The Borrower agrees to pay or cause to be paid to the Issuer the Issuer's Administration Fee at closing, the Issuer's Annual Fee, plus any other amounts required to reimburse the Issuer for any expenses incurred by the Issuer, whether out-of-pocket or internal, in connection with this Agreement, the Indenture, the Bonds, the Tax Certificate, the Bond Purchase Agreement, the Project or any other instrument or action relating to the foregoing, including fees and disbursements of attorneys of the Issuer. The Borrower shall provide notice of any increase in the Issuer's Annual Fee to the Trustee as soon as practicable following such increase.

(g) The Borrower agrees to pay or cause to be paid to the State Treasurer the Public Charter School Facilities Program Fund Fee at closing and the Public Charter School Facilities Program Annual Fee on the anniversary of the Closing Date and subsequently on the same day of each year thereafter, plus any other amounts required to reimburse the State Treasurer for any expenses incurred by the State Treasurer, whether out-of-pocket or internal, in connection with the Continuing Disclosure Agreement between the State Treasurer and the Seattle, Washington, Corporate Trust office of Zions Bancorporation, National Association, dated as October 1, 2024. The Borrower shall provide notice of any increase in the Public Charter School Facilities Program Annual Fee to the Trustee as soon as practicable following such increase.

(h) The Borrower covenants to maintain the balance on deposit in the Repair and Replacement Fund at an amount not less than the Repair and Replacement Fund Requirement.

(i) The Borrower covenants to maintain the balance on deposit in the Debt Service Reserve Fund at an amount not less than the Debt Service Reserve Fund Requirement. If on any valuation date, the value of the Debt Service Reserve Fund (as determined pursuant to the Indenture) is less than the Debt Service Reserve Fund Requirement, upon notice from the Trustee of the amount of such deficit, the Borrower shall deposit such amount as per Section 3.7 of the Indenture. If at any time the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement due to a transfer of funds from such Fund because of a deficiency in the Bond Principal Fund or the Bond Interest Fund, the Trustee shall so notify the Borrower and the

Borrower shall be required to restore the amount on deposit in the Debt Service Reserve Fund within three (3) business days of the Trustee's notice.

(j) The Borrower shall reimburse the Issuer for any appropriation made or any other amounts paid on behalf of the Borrower by the State or the Issuer under the Public Charter School Facilities Program to restore amounts on deposit in the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement or for any other purpose. Upon such appropriation or payment by the State or Issuer, the Trustee shall notify the Borrower and the Issuer, and the Borrower shall be required to immediately reimburse the Issuer the amount appropriated or paid on its behalf.

(k) The Borrower shall also pay to the Trustee an amount necessary to pay the fees and expenses of the Rebate Analyst.

(l) The Borrower shall also pay to the Trustee an amount necessary to pay the fees and expenses of the Rating Agency required in connection with Bonds, including the annual surveillance fee.

In the event the Borrower should fail to make or fail to cause to be made any of the payments required by this Section, the item or installment in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same and, with respect to the payments required by subsections (a), (b), (d), (f), (g) and (j) of Section 5.1 hereof, to pay interest at the highest rate of interest borne by any of the Bonds, or the maximum rate permitted by law if less than such rate.

**Section 5.2 Pledge By Borrower.** In fulfillment of its obligations hereunder, the Borrower hereby pledges to the payment of the Loan and the Promissory Notes securing such Loan, the following:

(a) all of the Borrower's right, title and interest in and to the Facilities, including all related additions, replacements, substitutions and proceeds for the purposes of securing such Loan;

(b) all Pledged Revenues, and

(c) any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged or hypothecated, as and for additional security by the Borrower or by anyone on its behalf.

**Section 5.3 Payees of Payments.** All payments to the Trustee as set forth in Section 5.1 shall be paid in funds immediately available in the city in which the Designated Office of the Trustee is located directly to the Trustee for the account of such parties as set forth in Section 5.1.

**Section 5.4 Obligations of Borrower Hereunder Unconditional.** The obligations of the Borrower to make the payments required hereunder and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and are a recourse obligation of the Borrower. The Borrower (a) will not suspend or discontinue, or permit the

suspension or discontinuance of, any payments provided for herein, (b) will perform and observe all of its other agreements contained in this Agreement, the Deed of Trust and the Promissory Notes, and (c) except as provided in Article XI hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Facilities, failure of consideration, eviction or constructive eviction, destruction of or damage to the Facilities, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Borrower may at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Facilities.

## ARTICLE VI

### MAINTENANCE, TAXES AND INSURANCE

**Section 6.1 Maintenance and Modifications of Facilities by Borrower.** The Borrower agrees that during the term of this Agreement the Facilities shall be operated and maintained, in compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to the Facilities, unless the same are being contested in good faith by appropriate proceedings which operate to stay any action to foreclose or otherwise realize on any property of the Borrower. The Borrower agrees that during the term of this Agreement it will at its own expense (a) keep the Facilities in a safe condition required by law and (b) except to the extent the Borrower has determined that any portion of the Facilities is obsolete or not useful in its operations, keep the Facilities in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof all of which shall be accomplished in a workmanlike manner in accordance with all applicable laws. The Borrower may also, at its own expense, make from time to time any additions, modifications or improvements to the Facilities it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Borrower which are affixed to the Facilities shall become a part of the Facilities. The Borrower will not permit the removal of any personal property from the Facilities unless such personal property is obsolete, sold for fair market value or will be replaced with personal property of an equal or greater value. The Borrower will not permit any Liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facilities for labor or materials furnished in connection with the Facilities or any additions, modifications, improvements, repairs, renewals or replacements made by it to the Facilities; provided that if the Borrower first notifies the Trustee of its intention to do so, the Borrower may, so long as no Event of Default has occurred and is continuing, diligently prosecute, in good faith, at its own expense, a contest of any mechanics' or other Liens filed or established against the Facilities and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom

unless the Facilities or any part thereof will be subject to loss or forfeiture, in which event the Borrower shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Issuer will, at the expense of the Borrower, cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section to be paid by the Borrower, the Issuer or the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower under this Agreement to the one making the advance, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest rate of interest borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

**Section 6.2 Taxes, Other Governmental Charges and Utility Charges.** The Borrower will pay, as the same become due, (i) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facilities or any interest therein, or any machinery, equipment, or other property installed or brought by the Borrower therein or thereon which, if not paid, will become a Lien on the Facilities or a charge on the Pledged Revenues prior to or on a parity with the charge thereon under this Agreement, (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a Lien on the Facilities provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Borrower shall be obligated to pay only such installments as may have become due during the term of this Agreement.

The Borrower may, at its own expense, but only if no Event of Default hereunder has occurred and is continuing, diligently prosecute and in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom if, in the Opinion of Counsel, the Facilities shall not be subject to loss or forfeiture. In the event that the Borrower is not able to obtain such Opinion of Counsel, such taxes, assessments or charges shall be paid promptly or secured by posting a bond equal to one and one half times the amount at issue with the Trustee in form satisfactory to the Trustee. The Issuer at the expense of the Borrower shall cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section to be paid by the Borrower, the Issuer or the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower payable to the one making the advance, which amount the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest rate of interest borne by the Bonds or the maximum rate permitted by law if less than such rate.

The Borrower will do, or cause to be done, all things required by the appropriate government authority to obtain and maintain exemption from payment of real property taxes.

**Section 6.3 Insurance Required; Insurance Company Ratings; Insurance Certificate to be Delivered to Trustee.** Throughout the term of this Agreement, the Borrower

shall keep, or cause to be kept, the Facilities insured against the following risks, paying as the same become due and payable all premiums with respect thereto:

(a) A mortgagee's title insurance policy in an amount not less than the principal amount of the Bonds or the insurable value of the Mortgaged Property, as permitted by applicable law in a form acceptable to the Issuer and the Trustee, as required by Section 4.9 herein.

(b) Insurance against loss or damage to the Facilities and all improvements therein (during any period of time when the Borrower is making alterations, repairs or improvements to the Facilities, improvements and betterments coverage), all subject to standard form exclusions, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage endorsement at the time in use in the State, in an amount equal to the full replacement value of the Buildings or the aggregate principal amount of the Bonds then Outstanding (if available in that amount), whichever is greater.

(c) Commercial general liability, professional liability and automobile liability insurance against claims arising in, on or about the Facilities, including in, on or about the sidewalks or premises adjacent to the Facilities, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State.

(d) Fidelity insurance or bonds on those of its officers and employees who handle funds of the Borrower, both in such amounts and to such extent as are customarily carried by organizations similar to the Borrower and operating properties similar in size and character to the facilities of the Borrower.

(e) If the Borrower leases the Facilities in accordance with Section 8.11 hereof, rental value insurance covering all risks as to which insurance is required pursuant to (b) above, shall be provided in an amount equal to not less than the amounts required to be paid pursuant to Section 5.1(a) hereof for a period of not less than 12 months. If any such loss or damage has occurred, the Borrower shall continue to be obligated to pay the amounts required to be paid pursuant to Section 5.1(a) hereof, and any proceeds of such insurance shall be applied against all or part of such payment obligations of the Borrower.

(f) If the Facilities are in an area which has been, or is at any time during the term of this Agreement, identified by the Director of the Federal Emergency Management Agency (or a like successor agency) as being in a special flood or mud slide hazards area, and in which area the sale of flood insurance has been made available under The National Flood Insurance Act of 1968 (a "Flood Zone"), flood insurance shall be provided in an amount not less than the greater of the aggregate amount of (i) the aggregate principal amount of all of the Outstanding Bonds or (ii) one hundred percent (100%) of the insurable replacement value of the Facilities (but in no event more than the amount of such flood insurance which is reasonably available to the Borrower). If any building or other improvement comprising part of the Facilities is not in an area identified as a Flood Zone, the Borrower shall provide evidence of the same to the Trustee in a form satisfactory to the

Trustee, and thereafter, notwithstanding the foregoing, the Borrower shall only be required to obtain flood insurance in the greater of (x) the aggregate principal amount of all Outstanding Bonds and (y) one hundred percent (100%) of the insurable replacement value of the buildings and other improvements comprising part of the Facilities which are located in the Flood Zone (but in no event more than the amount of such flood insurance which is reasonably available to the Borrower).

(g) Business/operational interruption insurance covering actual losses resulting directly from necessary interruption of business for not less than twelve (12) months caused by damage to or destruction of the Charter School, less charges and expenses which do not necessarily continue during the interruption of business.

(h) Such other forms of insurance as are customary in the industry or as the Borrower is required by law to provide with respect to the Facilities, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

All the insurance coverage required by this Section 6.3(a) may be subject to deductible clauses in such amounts as are customary for facilities of similar size, type and character within the State.

All policies maintained (or caused to be maintained) by the Borrower pursuant to this Section 6.3 shall be taken out and maintained with the Idaho Division of Risk Management or with generally recognized, responsible insurance companies rated not less than "A" by A.M. Best, authorized in the State, which may include "captive" insurance companies or governmental insurance pools, selected by the Borrower. The insurance policies required by subsections (a), (b), (c) and (g) of this Section shall name the Trustee, the Issuer and the Borrower as insureds as their respective interests may appear (provided that with respect to insurance maintained pursuant to subsections (b) and (f) of this Section and Section 4.9 herein, the Trustee shall also be named as a mortgagee under the terms of a standard State mortgagee loss payable endorsement), and the Trustee shall also be named as an additional insured on the policy required by subsection (c) of this Section 6.3, and, provided further that all insurance proceeds for losses, and except for worker's compensation, fidelity insurance and liability insurance, shall be paid directly to the Trustee. Such policies or certificates of insurance shall (i) provide that (except as to insurance required pursuant to subsection (f) of this Section 6.3) the insurer will mail 30 days' written notice to the Issuer and the Trustee of any reduction in amount, material change in coverage or cancellation prior to expiration of such policy, and (ii) be satisfactory in all other respects to the Issuer.

The Borrower shall deliver to the Trustee (a) upon the commencement of the term of this Agreement, the certificate of insurance which the Borrower is then required to maintain pursuant to subsection (b), below, together with written evidence attesting as to the payment of all premiums then due thereon, and (b) promptly upon request by the Issuer or the Trustee, but in any case within 180 days after the end of each Fiscal Year, a certificate of an Authorized Representative of the Borrower setting forth the particulars as to all insurance policies maintained by the Borrower pursuant to this Section and certifying that such insurance policies are in full force and effect, that

such policies comply with the provisions of this Section and that all premiums then due thereon have been paid.

**Section 6.4 Application of Net Proceeds of Insurance.** The Net Proceeds of the insurance carried pursuant to subsections (a), (b), (e), (f) and (g) of Section 6.3 hereof shall be applied as provided in Section 7.1 hereof. The Net Proceeds of insurance carried pursuant to subsections (c), (d) and (h) of Section 6.3 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid.

**Section 6.5 Advances by Issuer or Trustee.** In the event the Borrower shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Facilities in the condition required hereby (except as otherwise herein permitted), the Issuer or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Borrower under this Agreement to the one making the advance, which amounts the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 3% per annum above the highest interest rate borne by any of the Bonds or the maximum rate permitted by law if less than such rate.

**Section 6.6 Environmental Indemnity.** In addition to the indemnification set forth in Section 8.6 hereof:

(a) Borrower and its successors and assigns, shall and do hereby indemnify and hold harmless the Issuer Indemnified Parties, the Registered Owners, the Beneficial Owners and the Trustee, their successors, assigns, trustees, directors, officers, employees, agents, contractors, subcontractors, licensees, and invitees (collectively referred to in this Section 6.6 as "Indemnified Parties"), for, from and against any and all Environmental Damages that the Indemnified Parties may incur as well as any and all loss, costs, damages, exemplary damages, natural resources damages, Liens, and expenses, (including, but not limited to, attorneys' and paralegals' fees and any and all other costs incurred in the investigation, defense and settlement of claims) that Indemnified Parties may incur as a result of or in connection with the assertion against Indemnified Parties, or against all or a portion of the Facilities, of any claim, civil, criminal or administrative, which:

(i) arises out of the actual, alleged or threatened discharge, dispersal, release, storage, treatment, generation, disposal or escape of any Regulated Chemical, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, medical waste and waste (including materials to be recycled, reconditioned or reclaimed); or

(ii) actually or allegedly arises out of the use of any Regulated Chemical, the existence or failure to detect the existence or proportion of any Regulated Chemical in the soil, air, surface water or groundwater, or the performance or failure to perform the abatement or removal of any Regulated

Chemical or of any soil, water, surface water or groundwater containing any Regulated Chemical; or

(iii) arises out of the actual or alleged existence of any Regulated Chemical on, in, under, or affecting all or a portion of the Facilities; or

(iv) arises out of any misrepresentations of Borrower concerning any matter involving Regulated Chemicals or Environmental Requirements; or

(v) arises out of Borrower's failure to provide all information, make all submissions and filings, and take all steps required by appropriate government authority under any applicable environmental law, regulation, statute or program, whether federal, state or local, whether currently existing or hereinafter enacted.

Without prejudice to the survival of any other agreements of the Borrower hereunder, this indemnification shall survive any termination, payment, or satisfaction of the indebtedness and the termination of this Agreement, and any foreclosure or any other transfer of any kind of the Facilities and shall continue and survive ad infinitum.

Borrower's indemnification contained herein shall be effective not only with any existing Environmental Requirements affecting the Borrower, Indemnified Parties and/or the Facilities, but also for any hereinafter enacted environmental law, regulation, statute or program, whether federal, state or local affecting Borrower, Indemnified Parties and/or the Facilities.

Borrower's indemnification contained herein shall extend to any and all like claims which arise from the acts or omissions of any user, tenant, lessee, agent or invitee of Borrower.

The obligations under this Section shall not be affected by any investigation by or on behalf of Indemnified Parties, or by any information which Indemnified Parties may have or obtain with respect thereto.

Borrower's indemnification shall include the duty to defend any and all claims, and Indemnified Parties may participate in the defense of any claim without relieving Borrower of any obligation hereunder. This duty to defend shall apply and constitute an obligation of Borrower regardless of any challenge by Borrower to this provision, the indemnification contained herein, or any other provision of this Agreement. This duty to defend shall apply regardless of the validity of Borrower's indemnification, as may ultimately be determined by a court of competent jurisdiction.

Notwithstanding anything to the contrary contained in this Section 6.6, no indemnification shall be required for any Environmental Damage incurred solely as the result of the gross negligence or willful misconduct of the party seeking indemnification or Environmental Damage caused by or through the party seeking indemnification.

**Section 6.7 Environmental Covenants.**

(a) **Use of Facilities.** The Borrower will not intentionally or unintentionally conduct, or allow to be conducted, any business, operation, or activity on, under, or in the

Facilities, or employ or use the Facilities or allow for it to be employed or used, to manufacture, transport, treat, store, or dispose of any Regulated Chemical which would violate or potentially violate Environmental Requirements, including, but not limited to, any action which would:

(i) bring the Borrower, or the Facilities, within the ambit of, or otherwise violate, the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901, et seq.;

(ii) cause, or allow to be caused, a release or threat of release, of hazardous substances on, under, in, or about the Facilities as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601, et seq.;

(iii) violate the Clean Air Act of 1970, as amended, 42 U.S.C. §§ 7401, et seq., or other similar state, regional or local statute, law, regulation, rule or ordinance, including without limitation, the laws of the State, or any other statute providing for the financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

The Borrower will not do or permit any act or thing, business or operation, that materially increases the dangers, or poses an unreasonable risk of harm, or impairs, or may impair, the value of the Facilities, or any part thereof.

(b) Maintenance of Facilities. The Borrower shall maintain the Facilities free from contamination by Regulated Chemicals and shall not intentionally or unintentionally allow a release, discharge or emission, or threat of release, discharge or emission, of any Regulated Chemical on, under, in or about the Facilities, and shall not permit the migration or threatened migration from other properties upon, about or beneath the Facilities.

(c) Notice of Environmental Problem. Borrower (provided that the Borrower shall only forward to the Trustee those notices, letters, citations, orders, warnings, complaints, inquiries, claims or demands actually received by the Borrower) and/or any tenant and/or sublessee shall promptly provide a copy to Trustee and the Issuer, and in no event later than 15 days from Borrower's and/or any tenants' and/or sublessee's receipt or submission, of any notice, letter, citation, order, warning, complaint, inquiry, claim or demand that:

(i) the Borrower and/or any tenants or sublessees have violated, or are about to violate, any federal, state, regional, parish or local environmental, health, or safety statute, law, rule, regulation, ordinance, judgment or order;

(ii) there has been a release, or there is a threat of release, of any Regulated Chemical from the Facilities;

(iii) the Borrower and/or any tenants or sublessees may be or are liable,

in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of any Regulated Chemical;

(iv) any portion of the Facilities is subject to a Lien in favor of any governmental entity for any liability, costs or damages, under Environmental Requirements arising from, or costs incurred by such governmental entity in response to, a release of any Regulated Chemical.

(d) Response Action. The Borrower shall take all appropriate responsive action, including any removal and remedial action ("Response Action"), in the event of a release, emission, discharge or disposal of any Regulated Chemical in, on, under or about the Facilities, so as to remain in compliance with the above, and to keep the Facilities free from, and unaffected by, Regulated Chemicals. The Borrower shall (i) provide Trustee, within 10 days after providing the notice required under Section 6.7(c) above, with a bond, letter of credit or similar financial assurance which is equal to the cost of the Response Action and which may be drawn upon by the Trustee for the purpose of completing the Response Action if an Event of Default occurs or if the Response Action is not completed within six (6) months of the issuance of the financial assurance and (ii) discharge any assessment, Lien or encumbrance which may be established on the Facilities as a result thereof.

(e) No Liens or Encumbrances. The Borrower shall prevent the imposition of any Liens or encumbrances against the Facilities for the costs of any response, removal, or remedial action or cleanup of any Regulated Chemicals. Should such a Lien or encumbrance be levied on the Facilities, the Borrower shall follow the procedure set forth in subsection (d) above.

(f) Compliance with Environmental Requirements. The Borrower shall carry on the business and operations at the Facilities to comply in all respects and will continue to remain in compliance with all applicable Environmental Requirements and maintain all permits and licenses required thereunder.

(g) Additional Environmental Reports. As long as there are any Bonds Outstanding, the Borrower shall provide the Trustee and the Issuer with a copy of any Environmental Report performed during that time.

#### **Section 6.8 Additional Environmental Provisions.**

(a) Right to Notify Agencies. To the extent the Trustee receives written notice, whether from the Borrower or any other party, stating that the Borrower is in violation of any environmental law, statute, regulation, ordinance, rule or order, whether federal, state, or local, or that there has been a release or threat of release of any Regulated Chemical from or upon the Facilities, and the Trustee determines that such notice requires notification to the respective governmental agency(ies), the Trustee retains the right to so notify the respective agency(ies). The Trustee agrees to make written demand upon the Borrower, as circumstances may require, to notify the respective agency(ies), however, the



Trustee retains the right to separately notify the respective agency(ies), and the Borrower shall have no cause of action against the Trustee as a result of any such notification.

(b) Right of Inspection.

(i) Trustee at any time and from time to time, with reasonable cause and notice, either prior to or after the occurrence of any Event of Default hereunder may require the Borrower to submit to the Trustee within 90 days of either the notice required under Section 6.7(c) hereof or a written request from the Trustee, a written report of a site assessment and environmental audit (“Environmental Assessment”), in scope, form and substance, and prepared by an independent, competent and qualified engineer, satisfactory to the Trustee, showing that the engineer made all appropriate inquiry consistent with good commercial and customary practice, such that consistent with generally accepted engineering practice and procedure, no evidence or indication came to light which would suggest there was a release of substances on, under, in, or about any Facilities which could necessitate an environmental response action, and which demonstrates that the Facilities complies with, and does not deviate from, all applicable environmental statutes, laws, ordinances, rules and regulations, including any licenses, permits or certificates required thereunder, and that the Borrower is in compliance with, and has not deviated from, the representations and warranties set forth in Sections 2.7 and 6.7 hereof.

(ii) The Borrower hereby grants, and will cause any tenants or users of the Facilities to grant, to Trustee and the Issuer, their agents, attorneys, employees, consultants and contractors, upon reasonable notice, and under reasonable conditions established by Borrower, which do not impede the performance of the Environmental Assessment, an irrevocable license and authorization to enter upon and inspect the Facilities, and perform such sampling, tests, and analysis (“Tests”) including without limitation, subsurface testing, soils and groundwater testing, and other tests which may physically invade the Facilities, as the Trustee, the Issuer or their agent determines is necessary.

(iii) Borrower will cooperate with the consultants and supply to the consultants such historical and operational information as may be reasonably requested by the consultants, together with any notices, permits or other written communications pertaining to violations of Environmental Requirements and any and all necessary information and make available personnel having knowledge of such matters as may be required by the Trustee, Trustee’s agents, consultants and engineers to complete an Environmental Assessment.

(iv) Should the Borrower fail to perform an Environmental Assessment within the time period set forth in this Section 6.8(b)(i) hereof, Trustee shall have the right but not the obligation to retain an environmental consultant to perform said Environmental Assessment. Trustee shall have no liability for failure to retain such consultant.

(v) The cost of performing any Environmental Assessment shall be paid by the Borrower upon demand of Trustee and any such obligations shall be included in the indebtedness.

(c) Event of Default. If an Environmental Assessment reveals any violations of Environmental Requirements (other than violations, if any, revealed to the Issuer and the Trustee in writing prior to the date hereof or in any Environmental Assessment provided to the Issuer and the Trustee prior to the date hereof) or the Borrower receives a notice of a violation of Environmental Requirements, and the Borrower fails to cure the violation in the time period and the manner specified in Section 10.1(c) hereof, such action will constitute an Event of Default.

(d) No Assumption of Risk. The Trustee’s rights under this Section shall be exercised by it in its sole discretion and not for the benefit of the Borrower. The Trustee shall have no obligation (unless directed and indemnified as provided in the Indenture) to enter into the Facilities thereon or to take any other action which is authorized by this Article for the protection of its security interest. The Borrower specifically agrees and acknowledges that any action permitted under this Section shall not be construed to be the management or control of the Facilities by the Trustee.

## ARTICLE VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.1 Damage, Destruction and Condemnation.** In the event of a casualty or condemnation with respect to the Facilities, and so long as no Event of Default exists and is continuing, the proceeds from any insurance policy or the proceeds of any condemnation award resulting from such casualty or condemnation, shall be used to repair or replace the portion of the Facilities damaged, destroyed or taken or to prepay the Loan in accordance with the terms hereof in accordance with the following provisions:

(a) In the event of a casualty or condemnation that results in an award less than or equal to \$100,000 (which amount shall be increased as of each July 1 by a percentage equal to the past year’s increase in the Consumer Price Index for Bonneville County (the “CPI Adjustment”) as provided by the Borrower to the Trustee by evidence acceptable to the Trustee) from any insurance policy or condemnation awards, such proceeds shall be paid directly to the Borrower to provide for the repair, replacement or restoration of the Facilities to substantially the same condition as it was prior to such damage, destruction or condemnation.

(b) Whenever such Net Proceeds from any insurance policy or condemnation award are greater than \$100,000 (plus the applicable CPI Adjustment), such Net Proceeds shall be paid to the Trustee and held in the Project Fund to be applied to repair, replace or restore the Facilities or, if the Borrower chooses not to repair or rebuild the Facilities, to the prepayment of the Loan as provided in Section 7.2. The Net Proceeds deposited into the Project Fund from such insurance policy or condemnation award, shall be disbursed by the Trustee periodically at the request of the Borrower for the repair, restoration or

replacement of the Facilities upon the receipt by an Inspecting Consultant from the Borrower of (i) a Consulting Architect's Certificate which substantially states that such repairs, replacements or restorations will restore the Facilities to substantially its original condition, will be completed in accordance with plans and specifications previously provided to the Inspecting Consultant, and that such repairs, replacements or restorations when completed in accordance with the plans and specifications previously furnished to the Inspecting Consultant will comply with all applicable statutes, codes and regulations; (ii) a certificate of an Authorized Representative of the Borrower stating that sufficient moneys are available in the Project Fund and the Repair and Replacement Fund to pay for such repair, restoration or replacements to be completed and together with other available Pledged Revenues, to pay debt service on the Bonds and Operating Expenses of the Facilities during the restoration period; (iii) requisitions and certificates from the Borrower substantially similar to those specified in a disbursing agreement; (iv) applicable Lien waivers; (v) a guaranteed maximum price construction contract; (vi) evidence of the existence of performance and payment bonds therefore; and (vii) evidence that the Borrower has acquired all permits and licenses necessary for such construction; and, if such net proceeds are in excess of \$250,000, in addition to those requirements listed in (i) through (vi) above, (A) an endorsement to the applicable title insurance policy insuring the continued priority of the Lien of the Deed of Trust; and (B) an opinion of Bond Counsel addressed to the Trustee to the effect that neither such repairs, replacements nor restorations nor such use of such casualty or condemnation proceeds adversely affects the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. The Trustee shall retain 5% of the requested disbursements to be disbursed upon final completion of the repairs, replacements, restorations or improvements as certified to the Inspecting Consultant by the Consulting Architect and receipt by the Inspecting Consultant of certificates of occupancy, waivers of Liens and, if such net proceeds are in excess of \$250,000, an endorsement to the title policy for the Facilities insuring the continued priority of the Deed of Trust. If at any time during the restoration, the insurance or casualty proceeds are less than the estimated costs to restore, repair or replace the Facilities, the Borrower shall provide the Trustee with cash or cash equivalents in an amount equal to the shortfall. If after completion of any such repairs, replacements, or improvements any funds remain in the Project Fund, the remaining funds shall be transferred by the Trustee to the Bond Interest Fund and Bond Principal Fund, accordingly, and used to prepay the Loan and to redeem Bonds pursuant to the provisions of Section 7.2 of this Agreement and Section 5.2 of the Indenture. Notwithstanding the above provisions, all proceeds of business interruption insurance shall be paid to the Trustee and deemed to be Pledged Revenues for purposes of this Agreement, including, without limitation, Section 5.1 hereof.

(c) Notwithstanding any of the foregoing, if net proceeds from the casualty or condemnation of all or any portion of the Facilities exceed \$100,000, and the Loan is not otherwise to be prepaid pursuant to Section 7.2 hereof, the Borrower shall immediately notify the Trustee and the Beneficial Owners regarding such casualty or condemnation and shall, no later than 30 days following the occurrence of the events resulting in the casualty or condemnation, notify the Trustee in writing whether or not the Borrower intends to repair and/or rebuild the Facilities. If the Borrower does not intend to repair and/or rebuild the Facilities, the Trustee shall cause such insurance proceeds to be used to prepay the Loan

as provided in Section 7.2 hereof. If the Borrower intends to repair and/or rebuild the Facilities, said notice from Borrower shall contain the following additional information, together with a statement from the Borrower certifying to the accuracy of such information:

- (i) a description of the damaged, destroyed or taken portion of the Facilities;
- (ii) the estimated time to complete repair, replacement or restoration of the damaged, destroyed or taken portion of the Facilities, as determined by a qualified independent contractor retained by the Borrower;
- (iii) the total estimated cost of such replacement, repair or restoration, as determined by a qualified independent contractor retained by the Borrower; and
- (iv) the source of funds the Borrower has available (including, but not limited to, insurance proceeds), to complete the repair, replacement or restoration and to make payments due under this Agreement during the period of repair, replacement or restoration.

**Section 7.2 Mandatory Prepayment from Insurance or Condemnation Proceeds.** The Promissory Notes are subject to mandatory prepayment as a whole or in part at the principal amount thereof plus accrued interest thereon to the date of prepayment, but without premium, from the Net Proceeds of any insurance policy or condemnation award remaining after the repair, replacement, or improvement of the Facilities, if one or more of the events set forth in Section 5.2 of the Indenture are applicable to the Borrower and Bonds are required to be redeemed pursuant to Section 5.2 of the Indenture. The prepayment date shall be the earliest practicable date selected by the Trustee and any such prepayment shall be applied as provided in Section 5.2 of the Indenture.

**Section 7.3 [Reserved].**

**Section 7.4 No Change in Loan Payments; No Liens.** All buildings, improvements and equipment acquired in the repair, rebuilding or restoration of the Facilities shall be deemed a part of the Facilities and shall be available for use and occupancy by the Borrower, without the payment of any payments hereunder other than the Loan Payments and other payments required to be made under this Agreement, to the same extent as if they were specifically described herein; provided that no buildings, improvements or equipment shall be acquired subject to any Lien or encumbrance other than Permitted Encumbrances.

**Section 7.5 Investment of Net Proceeds.** Any Net Proceeds of insurance payments or condemnation awards held by the Trustee pending restoration, repair or rebuilding shall be invested in Investment Obligations in the same manner as provided in Section 6.1 of the Indenture. Any earnings or profits on such investments shall be considered part of the Net Proceeds.

## ARTICLE VIII

### SPECIAL COVENANTS

**Section 8.1 No Warranty of Condition or Suitability by the Issuer.** The Issuer makes no warranty, either express or implied, as to the Facilities or that it will be suitable for the Borrower's purposes or needs or that the proceeds of the Bonds will be sufficient to pay the Cost of the Project.

**Section 8.2 Consolidation, Merger, Sale or Conveyance.** The Borrower agrees that during the term of this Agreement it will maintain its corporate existence, will continue to be a nonprofit corporation duly qualified to do business in the State, will not merge or consolidate with, or sell or convey, except as provided in Section 8.11 hereof, all or substantially all of its assets to, any Person unless the provisions of (a) and (b) below have been met:

- (a) with respect to Borrower;
  - (i) no Event of Default has occurred and is continuing;
  - (ii) Borrower first acquires the consent of the Issuer to such transaction and provides to the Trustee notice of its intent at least 90 days in advance of such consolidation, merger, sale or conveyance;
  - (iii) Borrower shall provide the Issuer and the Trustee with an opinion of Bond Counsel acceptable to the Issuer to the effect that such merger, consolidation, sale or conveyance, would not adversely affect the validity of any of the Bonds, the excludability from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds;
  - (iv) Borrower shall provide the Issuer and the Trustee with an Opinion of Counsel to the Borrower (which may be rendered in reliance upon the Opinion of Counsel to such other corporation), stating that none of the other corporations which are a party to such consolidation, merger or transfer has any pending litigation other than that arising in the ordinary course of business or, has any pending litigation which might reasonably result in a substantial adverse judgment. For the purposes of the preceding sentence, the term "substantial adverse judgment" shall mean a judgment in an amount which exceeds the insurance or reserves therefor by a sum which is more than 2% of the aggregate net worth of the resulting, surviving or transferee corporation immediately after the consummation of such consolidation, merger or transfer and after giving effect thereto; and
  - (v) Borrower, in the case of a consolidation, merger, sale or conveyance, shall provide evidence to the Trustee and the Issuer that the entity can continue to operate the Facilities as a charter school in accordance with the Charter Schools Act, as amended and that the entity is entitled to receive the State Payments, the Charter School Facility Payments and the Special Disbursements.

(b) and, with respect to the acquirer of such assets or the entity with which it shall be consolidated or the resulting entity in the case of a merger (the "Successor"):

(i) the Successor provides to the Trustee a certificate of an authorized representative, accompanied by a confirming Accountant's Certificate, to the effect that:

(1) the combined Maximum Annual Debt Service for outstanding Long-Term Indebtedness of the Successor immediately following the merger, consolidation, or acquisition is equal to or less than 10% of the Pledged Revenues of the Borrower and the acquirer of such assets or the entity with which it shall be consolidated or the resulting entity in the case of a merger, as the case may be, as determined in their most recent budget(s); or

(2) the Net Income Available for Debt Service of the Borrower and the acquirer of such assets or the entity with which it shall be consolidated or the resulting entity in the case of a merger, as the case may be, as determined in their most recent budget(s) must be sufficient to pay an amount representing not less than 120% of the combined Maximum Annual Debt Service for currently outstanding Long-Term Indebtedness of the Successor.

(ii) the Successor shall assume in writing the performance and observance of all covenants and conditions of this Agreement; and

(iii) the Successor shall deliver to the Trustee within 30 days of the close of such transaction, copies of all documents executed in connection therewith, one document of which shall include an Opinion of Counsel to the Borrower that all conditions in this Agreement have been satisfied and that all liabilities and obligations of the Borrower under the Borrower Documents shall become obligations of the Successor; provided, however, the Borrower shall not be released from the same.

**Section 8.3 Further Assurances.** The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement, subject, however, to the terms and conditions of Section 10.5 of the Indenture.

**Section 8.4 Audits.** The Borrower agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2025, in accordance with State law as soon as practicable but no later than 120 days after the close of such Fiscal Year, and shall furnish in accordance with the requirements set forth below in Section 8.5 to the Issuer, the Trustee and the Dissemination Agent simultaneously with submission to the Authorizer within 120 days after the end of each Fiscal Year, a copy (which may be sent electronically) of the audit report. The

Borrower will notify the Issuer, the Registered Owners and the Trustee in writing of a change in its Accountant stating the reasons for such change.

**Section 8.5 Financial Statements; Reports; Annual Certificate.**

(a) Maintenance of Books and Accounts. The Borrower agrees that it will maintain and make available to the Beneficial Owners, the Issuer and the Trustee proper books of records and accounts of all of its operations with full, true and correct entries of all of its dealings substantially in accordance with practices generally used for public school accounting and such other data and information as may reasonably be requested by the Issuer, the Beneficial Owners and the Trustee from time to time.

(b) Financial Reports. The Borrower shall provide to the Dissemination Agent, the Trustee and the Issuer the following information:

(i) simultaneously with delivery to the State or the Idaho State Department of Education (the "DOE"), a copy of the Borrower's adopted annual budget for the present Fiscal Year no later than August 10th;

(ii) simultaneously with delivery to the DOE, a copy of the Borrower's annual financial report or (IFARMS) no later than October 31st;

(iii) a copy of revisions, if any, to the Borrower's annual budget as approved by its governing board within 30 days of adoption;

(iv) within 30 days of receipt a copy of the periodic reports received from the State indicating the amount of the Borrower's State Payments and Charter School Facility Payments for such payment date (which may consist of copies of DOE forms showing amounts due to the Borrower);

(v) at least once per quarter within 30 days after quarter-end, unaudited financial statements, including cash basis balance sheets, for the previous quarter reflecting revenues and expenses in comparative form with the Borrower's operating budget as submitted by the Borrower to its governing board; and

(vi) within 30 days after completion of the Borrower's annual audit, a copy of the audited financial statements of the Borrower for such Fiscal Year, together with a copy of any management letter delivered by the auditors in connection with such financial statements as filed with the DOE (items (i) through (vi) collectively referred to herein as the "Reports").

The Trustee shall transmit the information contained in (i) through (vi) above to the Registered Owners any Beneficial Owner requesting such in writing and certifying to the Trustee its beneficial ownership of Bonds. The Trustee shall have no duty hereunder regarding such information other than to retain any such information that it receives and to transmit same in accordance herewith.

(c) Enrollment Reports. Simultaneously with its delivery to the DOE as of not later than November 21, the Borrower shall provide the Dissemination Agent, the Trustee, and the Issuer with a copy (which may be by electronic transfer) of each report on enrollment, headcount, membership, attendance and similar statistics provided to the DOE.

The Trustee shall transmit the information contained in (c) above to the Registered Owners and any Beneficial Owner requesting such in writing and certifying to the Trustee its beneficial ownership of Bonds. The Trustee shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance herewith.

The Borrower shall provide the Dissemination Agent with a copy of every notice, report, certificate, opinion or other document required to be provided to the Trustee or to any Nationally Recognized Municipal Securities Information Repository at the same time required to be delivered to such party.

(d) Borrower Report. Further, the Borrower will deliver to the Trustee and the Issuer within six (6) weeks after the end of the Borrower's Fiscal Year a certificate executed by the Borrower's executive director or chief financial officer stating that:

(i) A review of the activities of the Borrower during such Fiscal Year and of performance hereunder has been made under his/her supervision; and

(ii) They are familiar with the provisions of this Agreement and the Tax Certificate and to the best of his/her knowledge, based on such review and familiarity, the Borrower has fulfilled all of its obligations hereunder and thereunder throughout the Fiscal Year, and there have been no defaults under this Agreement or the Tax Certificate or, if there has been a default in the fulfillment of any such obligation in such Fiscal Year, specifying each such default known to him/her and the nature and status thereof and the actions taken or being taken to correct such default.

(iii) The IRS Form 990 of the Borrower for the preceding year has been filed and Borrower shall enclose a copy of said form as filed.

(e) Charter Contract Report. Within two weeks of receipt from the Authorizer, the Borrower will deliver to Trustee and Issuer any notice or allegation of a violation of the Charter Contract.

(f) Educational Testing Report. No later than August 30th, and in any event within 30 days of receipt, the Borrower will deliver to the Dissemination Agent, the Trustee, and the Issuer the result of any educational testing required by State or federal law.

(g) Board Meeting Minutes. The Borrower will deliver to the Trustee copies of the meeting minutes of the Board of Directors of the Borrower within 30 days of receipt

thereof by the Borrower. Such meeting minutes shall include updates regarding any proposed new renovations of the Facilities.

The Trustee shall have no duty regarding such information delivered in accordance with this Section 8.5 other than to retain any such information that it receives and transmit same in accordance herewith.

Borrower will cooperate and respond with respect to any inquiries of the Issuer regarding compliance with the reporting requirements of this Section 8.5.

#### **Section 8.6 Release and Indemnification Covenants.**

(a) The Borrower agrees to pay, defend, protect, indemnify, and hold each of the Issuer Indemnified Parties, the State and the Trustee, its officers, directors, employees and agents (the "Trustee Indemnified Parties") harmless for, from and against (i) any and all Liabilities directly or indirectly arising from or relating to the Loan, this Agreement, the Project, the Deed of Trust, and the Tax Certificate, and (ii) any and all Liabilities directly or indirectly arising from or relating to the Bonds, the Indenture, the Public Charter School Facilities Program or any document related to the issuance and sale of the Bonds, including, but not limited to, the following:

(i) Any injury to or death of any person or damage to property in or upon the Facilities or growing out of or connected with the use, non-use, condition, or occupancy of the Facilities or any part thereof;

(ii) Violation of any agreement, covenant, or condition of any of the Borrower Documents;

(iii) Violation of any agreement, contract, or restriction relating to the Facilities;

(iv) Violation of any law, ordinance, or regulation affecting the Facilities or any part thereof or the ownership, occupancy, or use thereof;

(v) The issuance and sale of the Bonds or any of them;

(vi) Any statement, information, or certificate furnished by the Borrower to the Issuer or the Trustee which is misleading, untrue, incomplete, or incorrect in any respect; and

(vii) Any appropriation or payment made by the State or Issuer under the Public Charter School Facilities Program.

(b) The Borrower also agrees to pay, defend, protect, indemnify, and hold each of the Issuer Indemnified Parties and the Trustee Indemnified Parties harmless for, from, and against any and all Liabilities directly or indirectly arising from or relating to (i) any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by or to the Issuer pertaining to the Bonds, and

(ii) any fraud or misrepresentations or omissions contained in the proceedings of the Issuer relating to the issuance of the Bonds or pertaining to the financial condition of the Borrower which, if known to the original purchaser of the Bonds or the Underwriter, might be considered a factor in such Person's decision to purchase the Bonds

(c) Paragraphs (a) and (b) above are intended to provide indemnification to each Issuer Indemnified Party, the State and Trustee Indemnified Party for his or her active or passive negligence or misconduct; provided, however, nothing in paragraphs (a) and (b) above shall be deemed to provide indemnification to any Issuer Indemnified, the State or any Trustee Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud, gross negligence, or willful misconduct of such party.

(d) Any party entitled to indemnification hereunder shall notify the Borrower of the existence of any claim, demand, or other matter to which the Borrower's indemnification obligation applies, and shall give the Borrower a reasonable opportunity to defend the same at its own expense and with counsel satisfactory to the Issuer Indemnified Party and Trustee Indemnified Party, as applicable, provided that the Issuer Indemnified Party and Trustee Indemnified Party shall at all times also have the right to fully participate in the defense. If the Issuer Indemnified Party or Trustee Indemnified Party is advised in an Opinion of Counsel that there may be legal defenses available to either of them which are different from or in addition to those available to the Borrower or if the Borrower shall, after receiving notice of the Borrower's indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Issuer Indemnified Party and Trustee Indemnified Party, as applicable, the Issuer Indemnified Party and Trustee Indemnified Party, as applicable, shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Borrower. The Borrower shall be responsible for the reasonable counsel fees, costs, and expenses of the Issuer Indemnified and Trustee Indemnified Party in conducting its defense.

Notwithstanding the foregoing, the Borrower shall not be considered an "Indemnified Party" for purposes of this Section.

**Section 8.7 Authority of Authorized Representative of the Borrower.** Whenever under the provisions of this Agreement or the Indenture the approval of the Borrower is required, or the Issuer or the Trustee is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Representative of the Borrower unless otherwise specified in this Agreement or the Indenture. The Issuer or the Trustee shall be authorized to act on any such approval or request and the Borrower shall have no complaint against the Issuer or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by an Authorized Representative of the Borrower shall be on behalf of the Borrower and shall not result in any personal liability of such Authorized Representative.

**Section 8.8 Authority of Authorized Representative of the Issuer.** Whenever under the provisions of this Agreement or the Indenture the approval of the Issuer is required, or the

Borrower or the Trustee is required to take some action at the request of the Issuer, such approval or such request shall be made by the Authorized Representative of the Issuer unless otherwise specified in this Agreement or the Indenture. The Borrower or the Trustee shall be authorized to act on any such approval or request and the Issuer shall have no complaint against the Borrower or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by an Authorized Representative of the Issuer shall be on behalf of the Issuer and shall not result in any personal liability of such Authorized Representative.

**Section 8.9 Licenses and Qualifications.** The Borrower will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facilities as a charter school (as defined in the Act) (subject, however, to Section 8.11 hereof).

**Section 8.10 Right to Inspect.** Following reasonable notice to the Borrower, at any and all reasonable times during business hours, the Trustee, the Issuer, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect the Facilities, including all books and records of the Borrower (excluding records the confidentiality of which may be protected by law), and to make such copies and memoranda from and with regard thereto as may be desired; provided, however, that they shall maintain these books and records in confidence unless required by applicable law to do otherwise and it is necessary to distribute the information to some other third party under applicable law.

**Section 8.11 Lease or other Disposition of the Facilities.** The Borrower shall have the right to lease all or any part of the Facilities; provided, however, that the terms and provisions of any future leases will allow the Borrower to comply with the provisions of this Agreement, the Tax Certificate and the Deed of Trust and contain the restrictions upon the use of the Facilities contained in Section 8.12 of this Agreement, and, with respect to any lease the annual rental under which is equal to or greater than 5% of the unrestricted revenues of the Borrower for the most recent Fiscal Year or, when added to the annual rental payable under all other leases of the Facilities then in force is equal to or greater than 10% of the unrestricted revenues of the Borrower for the most recent Fiscal Year, the written consent of the Issuer shall have been obtained; and provided further that any future leases will provide for rental payments to be made directly to the Trustee to the extent of then current payments required under Section 5.1(a) hereof. Other than leases permitted by this Section or as provided in Section 8.2 hereof, the Borrower agrees that it will not sell or otherwise dispose of the Facilities.

**Section 8.12 Nonsectarian Use.** The Borrower acknowledges that in order for the Bonds to be validly issued and to comply with the Charter Schools Act, it is necessary that the requirements of the United States Constitution and the Constitution of the State with respect to the establishment and free exercise of religion be satisfied. The Issuer has been advised by Bond Counsel that under the law in effect as of the date of issue of the Bonds and as interpreted by the courts, the financing of facilities for a pervasively sectarian school or the financing of nonsecular facilities (e.g., places of religious worship) could be in violation of these constitutional requirements. The Borrower covenants that it will not operate the charter school in a pervasively sectarian manner for so long as the Bonds are outstanding and will not use the proceeds of the

Bonds to acquire, construct, install, or refinance any facilities which are intended to be used, other than a de minimis amount, for sectarian purposes. The Borrower will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, sexual orientation, national origin, or religious belief and will respect, permit, and not interfere with the religious beliefs of persons working for the Borrower. The Borrower may rely upon the Opinion of Counsel acceptable to the Issuer in order to determine whether it is in compliance from time to time with the covenants contained in this paragraph.

**Section 8.13 Limitations on Incurrence of Long-Term Indebtedness.** The Borrower shall not incur, assume, guarantee, or otherwise become liable for any Long-Term Indebtedness other than:

- (a) **Satisfaction of Coverage.** Upon satisfaction of the following:
  - (i) **No Default:** Delivery of a certificate signed by an Authorized Representative of the Borrower stating that no Event of Default is then existing under the Indenture or any debt outstanding or any agreement entered into by the Borrower in conjunction with such debt; and
  - (ii) **Coverage.** The conditions contained in subsections (ii)(A) and (ii)(B) or the conditions in subsection (ii)(C) below are satisfied:
    - (A) **Historical Coverage on Outstanding Debt -** Delivery of a certificate signed by an Authorized Representative of the Borrower stating that, for the Borrower's most recently completed Fiscal Year, Net Income Available for Debt Service is equal to at least 1.20 times Maximum Annual Debt Service on all Indebtedness then outstanding for the recently completed fiscal year; and
    - (B) **Projected Coverage for Additional Debt -** An Independent Management Consultant selected by the Borrower provides a written report setting forth projections which indicate that the estimated Net Income Available for Debt Service for each of the three consecutive Fiscal Years beginning in the earlier of the first full Fiscal Year following the estimated date of completion and initial use of all revenue-producing facilities to be financed with such Indebtedness, based upon a certified written estimated completion date by the consulting engineer for such facility or facilities, is equal to at least 1.20 times Maximum Annual Debt Service on all Indebtedness then outstanding during each such respective Fiscal Year plus the additional Annual Debt Service Requirements for the Long-Term Indebtedness to be issued; or
    - (C) **Alternate Coverage for Additional Debt -** The Borrower shall deliver a certificate signed by an Authorized Representative of the Borrower stating that, based on the audited results of the operations for the most recently completed Fiscal Year, Net Income Available for Debt Service is equal to at least 1.10 times Maximum Annual Debt Service on all

Indebtedness then outstanding as well as the Long-Term Indebtedness proposed to be issued.

(b) **Refunding Debt.** If Long-Term Indebtedness is being issued for the purpose of refunding any outstanding Indebtedness, such Indebtedness may be issued upon the delivery of a certificate signed by an Authorized Representative of the Borrower referenced in subsection (a)(i) of this Section 8.13 and stating that the Annual Debt Service Requirement of the Borrower will be reduced after the refunding of such Indebtedness.

(c) **Completion Debt.** In the event such Indebtedness is being issued or incurred for the purpose of completing any related project, such Indebtedness may be issued in amounts not to exceed 10% of the principal amount of the Indebtedness originally issued for such related project upon delivery of a certificate signed by an Authorized Representative of the Borrower that such Long-Term Indebtedness is required to fund the costs of completion.

The satisfaction of the conditions set forth in subsections (a)(i), (a)(ii), (b), and (c) of this Section 8.13 shall be evidenced to the Trustee by delivery of a certificate signed by an Authorized Representative of the Borrower.

The Trustee shall have no duty regarding such information delivered in accordance with this Section 8.13 other than to retain any such information that it receives and transmit same in accordance herewith.

**Section 8.14 [Reserved].**

**Section 8.15 Repair and Replacement Fund Deposits.** The Borrower hereby covenants to deposit sufficient funds to the Repair and Replacement Fund on annual basis to meet the Repair and Replacement Fund Requirement.

**Section 8.16 Issuer Appointment of Management Consultant.** If the Borrower fails to satisfy any requirement set forth in Sections 8.4, 8.5, 8.18 or 8.19 hereof, the Issuer shall promptly direct the Trustee to employ a Management Consultant as the Issuer directs the Trustee to employ, to review and analyze the operations and administration of the Borrower, inspect the Facilities, and submit to the Borrower, the Trustee and the Majority Bondholder written reports, and make such recommendations as to the operation and administration of the Borrower as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Borrower agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to monitor the Borrower's compliance with any recommendations provided to it, and the Trustee's sole responsibility is to forward any such recommendations provided to it to the Registered Owners.

So long as the Borrower is otherwise in full compliance with its obligations under the Loan Agreement, including following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the required amount of Cash on Hand set forth in Section 8.18 hereof. If requested, the Borrower shall provide the Trustee with a written certification that the Borrower

is, to the fullest extent practicable, in compliance with the recommendations of the Management Consultant and the Trustee shall be fully protected in relying on such written certification.

**Section 8.17 Compliance Notice.** Within six (6) weeks after the end of the Borrower's Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, file with the Trustee, the Issuer and the Dissemination Agent, a certificate in the form set forth in Exhibit D hereto.

**Section 8.18 Operating Reserve Balance and Covenant as to Cash on Hand.** The Borrower hereby covenants and agrees to maintain unrestricted Cash on Hand in its operating fund such that on each testing date (each June 30, commencing June 30, 2025) the amount on deposit in such fund shall be equal to or greater than 45 Days Cash on Hand. The Borrower's Cash on Hand shall be tested annually at the end of each Fiscal Year, commencing June 30, 2025. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction (including, without limitation, changes in state or federal funding schedules), shall not permit or enable the Borrower to maintain such level of Cash on Hand, then the Borrower shall, in conformity with the then prevailing laws, rules or regulations, maintain its Cash on Hand equal to the maximum permissible level (the "Adjusted Cash on Hand").

**Section 8.19 Minimum Debt Service Coverage Ratio Covenant.** The Borrower covenants, so long as any Bonds remain outstanding, commencing with the Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter, as measured on the last day of each Fiscal year, the Borrower will also comply with either of the following covenants: (i) maintain a Coverage Ratio in each Fiscal Year that will be at least 1.00x during such Fiscal Year if the unrestricted Cash on Hand in its operating fund is at least 90 Days Cash on Hand; or (ii) maintain a Coverage Ratio in each Fiscal Year that will be at least 1.10x during such Fiscal Year if the unrestricted Cash on Hand in its operating fund is less than 90 Days Cash on Hand.

If the Borrower maintains at least 90 Days Cash on Hand as measured on the last day of each Fiscal Year, then the Borrower will budget and set expenses and will operate, subject to applicable requirements or restrictions imposed by law, such that the Borrower's Coverage Ratio for the Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter, will be at least 1.00x during such Fiscal Year. If the Borrower has not maintained at least 90 Days Cash on Hand as measured on the last day of each Fiscal Year, then the Borrower will budget and set expenses and will operate the Facilities, subject to applicable requirements or restrictions imposed by law, such that the Borrower's Coverage Ratio for the Fiscal Year ending June 30, 2025, and each Fiscal Year thereafter, will be at least 1.10x during such Fiscal Year. The foregoing is subject to the qualification that if applicable state or federal laws or regulations, or the rules and regulations of agencies having jurisdiction over the Borrower, do not permit the Borrower to produce such level of Net Income Available for Debt Service, then the Borrower will, in conformity with the then prevailing laws, rules or regulations, maintain its Net Income Available for Debt Service equal to the maximum permissible level (the "Adjusted Net Income Available for Debt Service"). The Borrower will provide the Trustee and the Majority Bondholder with a written certification if the Adjusted Net Income Available for Debt Service becomes applicable and the amount of such Adjusted Net Income Available for Debt Service and the Trustee is fully protected in relying on such written certification.

If the Cash on Hand as measured on the last day of each Fiscal Year is below the required amount, then, upon the written direction of a Majority Bondholder, the Borrower will promptly employ a Management Consultant, selected by or acceptable to the Majority Bondholder, to review and analyze the operations and administration of the Borrower, inspect the Facilities, and submit to the Borrower, the Trustee and the Majority Bondholder written reports, and make such recommendations as to the operation and administration of the Borrower as such Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operation thereof. The Borrower agrees to consider any recommendations by the Management Consultant and, to the fullest extent practicable, to adopt and carry out such recommendations. The Trustee has no duty or obligation to solicit the required Bondholder's selection or approval of such Management Consultant or to monitor the Borrower's compliance with any recommendations provided to it, and the Trustee's sole responsibility is to forward any such recommendations provided to it to the Registered Owners.

So long as the Borrower is otherwise in full compliance with its obligations under this Agreement, including the following, to the fullest extent practicable, the recommendations of the Management Consultant, it shall not constitute an Event of Default if the Cash on Hand at the end of any Fiscal Year is less than the required amount of Cash on Hand. If requested, the Borrower shall provide the Trustee with a written certification that the Borrower is, to the fullest extent practicable, in compliance with the recommendations of the Management Consultant and the Trustee shall be fully protected in relying on such written certification.

Further, notwithstanding the immediately preceding paragraphs, regardless of whether a Management Consultant has been retained, the Borrower's Coverage Ratio as of the end of such Fiscal Year is less than 1.00x for such Fiscal Year (as evidenced by the Borrower's audited financial statements for such Fiscal Year), then the Majority Bondholder may either (y) direct the Trustee to declare an Event of Default or (z) direct the Trustee to exercise one or more of the remedies permitted under the Loan Agreement. In the absence of direction of the Majority Bondholder, the Trustee may take the action described in clauses (y) and (z) of the preceding sentence.

## ARTICLE IX

### ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

**Section 9.1 Creation of Security Interest Hereunder.** With respect to the Pledged Revenues and any other collateral pledged hereunder governed by the UCC, this Agreement shall constitute a security agreement between the Borrower as debtor and the Trustee as assignee of the Issuer's right and interests in and under this Agreement and the Borrower hereby grants to the Trustee a security interest in the Pledged Revenues.

**Section 9.2 Assignment and Pledge by Issuer.** The Issuer shall assign certain of its rights and interests in and under this Agreement, including the Pledged Revenues, to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. The Borrower hereby consents to such assignment.

**Section 9.3 Redemption of Bonds.** Upon the agreement of the Borrower to deposit moneys into the Bond Principal Fund and the Bond Interest Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Borrower, shall forthwith take all steps (other than the payment of the money required for such redemption) permitted and necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds on the redemption date.

## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

**Section 10.1 Events of Default Defined.** The following shall be "Events of Default" under this Agreement (subject to the notice requirements of Section 12.21 herein) and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay the Loan Payments required to be paid under Section 5.1(a).

(b) Failure by the Borrower to cure a deficiency within the Debt Service Reserve Fund pursuant to Section 5.1(i) of this Agreement and Section 3.7 of the Indenture.

(c) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section hereof, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Borrower by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate in the judgment of the Trustee to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby within ninety (90) days of such occurrence, or so long as the covenant is expressly excluded as an Event of Default herein.

(d) The dissolution or liquidation of the Borrower, or failure by the Borrower promptly to contest and have lifted any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facilities or to make any payments under this Agreement. The phrase "dissolution or liquidation of the Borrower," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another domestic corporation or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 8.2 hereof.

(e) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian,



trustee, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days.

(f) The commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any of the foregoing.

(g) Failure of the Borrower to comply with any covenants contained in the Tax Certificate.

(h) The occurrence of an Event of Default under the Indenture, the Deed of Trust or any of the Borrower Documents.

(i) Any representation or warranty made by the Borrower herein or made by the Borrower in any statement or certificate furnished by the Borrower either required hereby or in connection with the execution and delivery of this Agreement and the sale and the issuance of the Bonds, shall prove to have been untrue in any material respect as of the date of the issuance or making thereof.

(j) A writ or warrant of attachment or any similar process shall be issued by any court against the Facilities of the Borrower, and such writ or warrant of attachment or any similar process is not released or bonded within 60 days after its entry.

(k) Any of Borrower's representations and warranties herein or in any of the other Borrower Documents with respect to environmental matters are false in any material respect.

(l) The occurrence and continuation of any event of default under any other parity Indebtedness of the Borrower or any agreement in connection with or securing such parity Indebtedness if as a result of such event of default the holder of such parity Indebtedness would have the right to declare the principal thereof to be immediately due and payable.

(m) A termination of the Borrower's charter by the chartering entity pursuant to the Charter Schools Act.

The foregoing provisions of subsection (c) of this Section are subject to the following limitations: if by reason of force majeure the Borrower is unable in whole or in part to carry out its agreements herein contained, other than the obligations on the part of the Borrower contained in Article V and in Sections 4.7, 6.2, 6.3 and 8.6 hereof, the Borrower shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial

disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; hurricane; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Borrower. The Borrower agrees, however, if possible, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Borrower, and the Borrower shall not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

**Section 10.2 Remedies on Default.** If an Event of Default occurs hereunder, then the majority of Registered Owners must direct the Trustee to pursue a remedy unless such Event of Default is waived as contemplated in Section 10.5 hereof. Whenever an Event of Default referred to in Section 10.1 hereof shall have occurred and is continuing, the Issuer, or the Trustee where so provided herein, may, and at the direction of the Beneficial Owners of a majority of all Bonds Outstanding shall, take any one or more of the following remedial steps:

(a) Subject to consent of the State Treasurer under Section 12.22 of this Agreement, the Trustee (acting as assignee of the Issuer) or the Issuer (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may declare the Loan Payments payable hereunder for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(b) Subject to consent of the State Treasurer under Section 12.22 of this Agreement, the Trustee (acting as assignee of the Issuer) or the Issuer (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may exercise the power of sale or foreclosure under the Deed of Trust on the property subject thereto and may exercise all the rights and remedies of a secured party under the Idaho Uniform Commercial Code with respect thereto and with respect to the Pledged Revenues.

(c) The Trustee (acting as assignee of the Issuer) or the Issuer (in the event of a failure of the Trustee to act under this subsection), as and to the extent provided in the Indenture, may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Borrower under this Agreement and all other Borrower Documents.

Notwithstanding the foregoing, prior to the exercise by the Issuer or the Trustee of any remedy that would prevent the application of this paragraph, the Borrower may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a) of the first paragraph of this Section) and fully cure all

defaults, and in such event, the Borrower shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Borrower fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid.

Whenever any Event of Default has occurred and is continuing under this Agreement, the Trustee may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required to the Issuer. In addition, the Trustee shall have available to it all of the remedies prescribed in the Indenture. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Issuer's Unassigned Rights and to collect all sums then due and thereafter to become due to the Issuer under this Agreement.

Any amounts collected pursuant to action taken under the immediately preceding paragraph (other than sums collected for the Issuer on account of the Issuer's Unassigned Rights, which sums shall be paid directly to the Issuer), after reimbursement of any costs incurred by the Issuer or the Trustee in connection therewith shall be applied in accordance with the provisions of the Indenture.

If the Issuer or the Trustee, shall have proceeded to enforce their rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, then and in every such case, the Borrower, the Issuer and the Trustee shall be restored to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Issuer and the Trustee shall continue as though no such proceedings had been taken.

**Section 10.3 No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Issuer hereunder shall also extend to the Trustee, the Beneficial Owners and the Registered Owners of the Bonds, subject to the Indenture.

**Section 10.4 Agreement to Pay Attorneys' Fees and Expenses.** In the event the Borrower should breach any of the provisions of this Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Issuer

and the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the Issuer and the Trustee. The obligations of the Borrower arising under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Agreement for any reason.

**Section 10.5 Waiver.** In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights in and under this Agreement to the Trustee under the Indenture, the Issuer shall have no power to waive any Event of Default hereunder without the consent of the Trustee and the Owners of two-thirds in aggregate principal amount of the Bonds Outstanding. Notwithstanding the foregoing, unless otherwise required by the Owners of two-thirds in aggregate principal amount of all Bonds Outstanding, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of its consequences; provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**Section 10.6 Proofs of Claim.** In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer or the Borrower or any other obligor upon the Bonds or the property of the Issuer, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such judicial proceeding; and to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

(b) and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

So long as Bonds are outstanding the Trustee is appointed under the terms of the Indenture, and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney in fact of the respective Owners of the Bonds, with authority to make or file, in the respective names of the

Owners of the Bonds or on behalf of all Owners of the Bonds, as a class, any proof of debt, amendment to proof of debt, petition or other documents and to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of all Owners of the Bonds as a class, as may be necessary or advisable in the opinion of the Trustee, in order to have the respective claim of the Owners of the Bonds against the Issuer, the Borrower or any other obligor allowed in receivership, insolvency, liquidation, bankruptcy or other proceeding, to which the Issuer, the Borrower or any other obligor, as the case may be, shall be a party. The Trustee shall have full power of substitution and delegation in respect of any such powers.

**Section 10.7 Treatment of Funds in Bankruptcy.** The Borrower acknowledges and agrees that in the event Borrower commences a case under the United States Bankruptcy Code located at 11 U.S.C. §§ 101 et. seq. (the “Bankruptcy Code”) or is the subject of an involuntary case that results in an order for relief under the Bankruptcy Code: (i) amounts on deposit in any of the Funds are not, nor shall they be deemed to be, property of Borrower’s bankruptcy estate as defined by § 541 of the Bankruptcy Code; (ii) that in no event shall Borrower assert, claim or contend that amounts on deposit in any of the Funds are property of Borrower’s bankruptcy estate; and (iii) that amounts on deposit in any of the Funds are held in trust solely for the benefit of the Registered Owners and the Beneficial Owners, shall be applied only in accordance with the provisions of the Indenture and the Borrower has no legal, equitable nor reversionary interest in, or right to, such amounts.

## ARTICLE XI

### PREPAYMENT OF THE LOAN

**Section 11.1 General Option to Prepay the Loan.** So long as no Event of Default pursuant to Section 10.1 hereunder exists, the Borrower shall have and is hereby granted the option exercisable at any time to prepay all or any portion of the Loan evidenced by the Promissory Note by depositing with the Trustee an amount of money or securities to the extent permitted by Section 7.1 of the Indenture representing the principal amount, the premium, if any, and interest on the Loan to be paid at maturity, with respect to one or more Series of Bonds, or prepaid to the date a corresponding amount of such Series of Bonds are redeemed. The exercise of the option granted by this Section shall not be cause for redemption of such Series of Bonds unless such redemption is permitted at that time under the provisions of the Indenture and the Borrower specifies the date for such redemption and provides written direction as per Article V of the Indenture. Prior to the date a specific Series of Bonds is subject to redemption as provided in the Indenture, the corresponding Promissory Note is prepayable at any time in an amount sufficient to defease a related amount of such Series of Bonds in accordance with the Indenture. In the event the Borrower prepays all of the Loan evidenced by the Promissory Notes pursuant to this Section, pays all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Series of Bonds as a result of such prepayment, and all of its liabilities accrued and to accrue hereunder to the Issuer through final payment of the Series of Bonds as a result of such prepayment, and all other amounts payable by the Borrower hereunder, including payments of any Rebate Amount, this Agreement shall terminate except as otherwise provided herein.

**Section 11.2 Notice of Prepayment.** In order to exercise the option granted by this Article, the Borrower shall give written notice to the Trustee and the Issuer at least 45 days prior

to the prepayment date, which notice shall specify therein the prepayment date and the prepayment amount. In the case of any prepayment pursuant to this Article, the Borrower shall make arrangements with the Trustee for giving notice of redemption as required by the Indenture, if any, with respect to any Bonds to be redeemed shall, if applicable, provide evidence of the Borrower’s ability to deliver sufficient Protected Funds to redeem all Bonds called for redemption at least 45 days prior to the redemption date and, if applicable, shall pay to the Trustee an amount of money which constitutes Protected Funds sufficient to redeem all of the Bonds to be called for redemption at the appropriate price no later than the redemption date.

**Section 11.3 Use of Prepayment Moneys.** By virtue of the assignment of the rights of the Issuer under this Agreement to the Trustee, the Borrower agrees to and shall pay any amount required to be paid by it under this Article directly to the Trustee (other than amounts to be paid to the Issuer for its own account). The Trustee shall use the moneys so paid to it by the Borrower (other than amounts to be paid to the Trustee for its own account) as provided in this Agreement and in the Indenture.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.1 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by certified mail, return receipt requested, postage prepaid, facsimile (confirmed by certified mail), electronic transmission (with confirmation of receipt of such transmission), or overnight courier, addressed as follows:

If to the Issuer:	Idaho Housing and Finance Association 565 W. Myrtle Boise, Idaho 83707 Attention: Vice President, Project Finance Telephone: (208) 331-4728 Facsimile: (208) 331-4802
With a copy to:	Skinner Fawcett LLP P.O. Box 700 Boise, Idaho 83701 Attention: Richard A. Skinner/John R. McDevitt Telephone: (208) 345-2663
If to the Borrower:	Alturas Preparatory Academy, Inc. 2280 East 17 <sup>th</sup> Street Idaho Falls, Idaho 83404 Attention: Principal
With a copy to:	Yorgason Law Offices, PLLC 6200 N. Meeker Place Boise, Idaho 83713 Attention: Chris Yorgason Telephone: (208) 861-3332

If to the Trustee: Zions Bancorporation, National Association  
Corporate Trust, Zions Bank Division  
800 W. Main Street, Suite 700  
Boise, Idaho 83702  
Attention: Jennifer Mabbott  
Telephone: (208) 501-7496

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower and the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 12.2 Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Borrower, and their respective successors and assigns, subject, however, to the limitations contained in Sections 8.2, 9.1, 9.2 and 12.10 hereof.

**Section 12.3 Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 12.4 Third Party Beneficiaries.** Each of the Issuer Indemnified Parties, (other than the Issuer) and the Trustee Indemnified Parties are intended "Third Party Beneficiaries" of this Agreement. Nothing in this Agreement shall confer any right upon any person other than parties hereto, and those specifically designated as Third Party Beneficiaries of this Agreement.

**Section 12.5 Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Funds upon termination of this Agreement, provided the Bonds have been fully retired and all amounts due hereunder have been paid in full, shall belong to and be paid to the Borrower by the Trustee, as provided in the Indenture.

**Section 12.6 Amendments, Changes and Modifications.** Except as otherwise provided in this Agreement or in the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Issuer.

The Issuer has imposed certain requirements on the Trustee, the Borrower, the ownership or operation of the Facilities, or the Bonds which are more restrictive than those required by the Act, the Treasury Regulations, or the Code, which each party hereto agrees are reasonable. For that reason, any proposed amendment, modification or supplement of this Loan Agreement which provides for less restrictive covenants than required by the Issuer, but permitted by law, shall require the Issuer's consent, which may not be unreasonably withheld.

**Section 12.7 Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.8 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer. The parties hereto expressly

acknowledge and agree that any judicial action to interpret or enforce the terms of this Agreement against the Issuer shall be brought and maintained in the Fourth Judicial District Court of the State of Idaho in and for Ada County or the United States District Court in and for the District of Idaho.

**Section 12.9 Filing.** The Borrower shall cause the security interests granted by the Deed of Trust and any amendments or supplements thereto to be recorded with the Bonneville County Recorder. In addition, the Borrower shall cause the security interest in the Funds and trust accounts granted to the Issuer and the assignment of such security interest to the Trustee to be perfected by the filing of financing statements which shall fully comply with the Idaho Uniform Commercial Code in the office of the Idaho Secretary of State and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that all necessary continuation statements shall be filed by the Trustee with the cooperation, and at the expense of, the Borrower within the time prescribed by the Idaho Uniform Commercial Code in order to continue such security interests, and any costs incurred shall be paid by the Borrower.

**Section 12.10 Cancellation at Expiration of Term of Agreement.** Upon the termination of this Agreement, and provided the Bonds have been fully retired and all amounts due hereunder have been paid in full, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Agreement and the discharge of the Lien hereof.

**Section 12.11 No Pecuniary Liability of Issuer.** No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness or liability of the Issuer within the meaning of any State constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or any commissioner, officer or agent of the Issuer or a charge against the Issuer's general credit. In making the agreements, provisions and covenants set forth in this Agreement, the Issuer has not obligated itself except with respect to the application of the revenues, as hereinabove provided.

**Section 12.12 No Personal Liability of Officials of the Borrower, Issuer or the Trustee.** None of the covenants, stipulations, promises, agreements and obligations of the Issuer or the Borrower contained herein shall be deemed to be covenants, stipulations, promises, agreements or obligations of any official, officer, agent or employee of the Issuer or the Borrower in his or her individual capacity, and no recourse shall be had for the payment of the principal of or premium, if any, or interest on the Bonds or for any claim based thereon or any claim hereunder against any official, officer, agent or employee of the Issuer or the Borrower or any officer, agent, servant or employee of the Trustee or any natural person executing any Bond, including any officer or employee of the Trustee.

**Section 12.13 Special Limited Obligation of Issuer.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and the Trustee for the benefit of the owners of the Bonds, and their respective successors and assigns, subject to the limitation that any obligations of the Issuer created by or arising out of this Agreement shall be special limited obligations of the Issuer, payable solely out of the revenues arising from the pledge and assignment of the Loan and the other funds held or set aside in trust under the Indenture and shall never constitute the debt or indebtedness of the Issuer, the State, or any political subdivision of the State

within the meaning of any provision or limitation of the constitution or statutes of the State and shall not constitute nor (except for its fraud or intentional misrepresentation) give rise to a pecuniary liability of the Issuer, the State or any political subdivision of the State or a charge against the general credit or taxing powers, if any, of such entities. The Issuer has no taxing power.

Anything in this Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Agreement, any other Issuer Documents, or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any Issuer Indemnified Parties, whether by virtue of any Constitutional provision, statute, or rule of the law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any Issuer Indemnified Party, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Issuer with the Borrower or the Trustee to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each and every Issuer Indemnified Party is, by the execution of the Bonds, this Agreement, and the other Issuer Documents, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Agreement, and the other Issuer Documents, is expressly waived and released.

No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, and/or delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Bonds and their application as provided in the Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Bonds, this Agreement, or the Indenture, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Bonds, shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the revenues pledged for the payment of the Bonds or other revenues derived under this Agreement. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses, or other monetary relief shall be recoverable from the Issuer, except as may be payable from the revenues pledged in the Indenture for the payment of the Bonds or other revenue derived under this Agreement. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Agreement, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in the Indenture for the payment of the Bonds or other revenues derived under this Agreement or the Indenture.

The Issuer shall have no liability or obligation with respect to the payment of the purchase price of the Bonds. None of the provisions of this Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged under the Indenture, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or provided as arranged by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Agreement, the Indenture, and in any and every Bond executed, authenticated, and delivered under the Indenture; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee, and (b) the Issuer shall have received the instrument to be executed.

**Section 12.14 No Warranty by Issuer.** THE BORROWER RECOGNIZES THAT, BECAUSE THE COMPONENTS OF THE FACILITIES HAVE BEEN AND ARE TO BE SELECTED BY IT, THE ISSUER HAS NOT MADE AN INSPECTION OF THE FACILITIES, IF AND WHEN ACQUIRED, OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE FACILITIES OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE FACILITIES OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT.

**Section 12.15 Prior Agreements Superseded.** This Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Issuer and the Borrower relating to the Bonds, the lending of money and the Project.

**Section 12.16 Covenant by the Borrower with Respect to Statements, Representations and Warranties.** It is understood by the Borrower that all such statements, representations and warranties made in this Agreement shall be deemed to have been relied upon by the Issuer as an inducement to issue the Bonds, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and

warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Agreement which may give rise to an event of default hereunder.

**Section 12.17 Captions.** The captions and headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

**Section 12.18 Payments Due on Holidays.** If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, is not a Business Day such payments may be made or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein, with the same force and effect as if done on the nominal date provided in this Agreement.

**Section 12.19 Provision of General Application.** Any consent or approval of the Issuer required pursuant to this Agreement shall be in writing and shall not be unreasonably withheld. If such consent or approval is withheld, the Issuer shall state its reasons in writing.

**Section 12.20 Survival.** Notwithstanding the payment in full of the Bonds, the discharge of the Indenture, and the termination or expiration of the Promissory Notes and this Agreement, all provisions in this Agreement concerning (a) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning Rebate), (b) the interpretation of this Agreement, (c) the governing law, (d) the forum for resolving disputes, (e) the Issuer's right to rely on facts or certificates, (f) the indemnity of the Issuer Indemnified Parties and the Trustee Indemnified Parties, and (g) the Issuer's and Trustee's lack of pecuniary liability shall survive and remain in full force and effect.

**Section 12.21 Notice of Change in Fact.** The Borrower will notify the Issuer and the Trustee promptly after the Borrower becomes aware of (i) any change in any material fact or circumstance represented or warranted by the Borrower in this Agreement or in connection with the issuance of the Bonds which would make any such representation or warranty false when made, (ii) any default or event which, with notice or lapse of time or both, could become an Event of Default under this Agreement, or the Indenture or any Borrower Document, specifying in each case the nature thereof and what action the Borrower has taken, is taking, and/or proposes to take with respect thereto, (iii) any Internal Revenue Service audit of the Borrower or the Bonds, (iv) any material litigation, bankruptcy proceedings or other legal proceedings affecting the Bonds, the Borrower or the Facilities, and (v) any default in indebtedness of the Borrower.

**Section 12.22 Provisions Relating to the Public Charter School Facilities Program.** Notwithstanding any other provision of the Indenture or Loan Agreement or the Promissory Notes to the contrary, so long as the Bonds remain outstanding and there has not been and is continuing a Non-Appropriation the following provisions shall apply:

(a) The maturity of the Bonds shall not be accelerated or the Bonds redeemed (other than mandatory sinking fund redemptions) without the prior written consent of the State Treasurer.

(b) Neither the Loan nor the Promissory Notes shall be accelerated without the prior written consent of the State Treasurer.

(c) No action shall be taken under the Deed of Trust, including, without limitation, any action to foreclose under the Deed of Trust on the property subject thereto, without the prior written consent of the State Treasurer.

(d) To the extent not otherwise required, the Borrower shall pay or reimburse the Trustee any and all charges, fees, costs and expenses which the Issuer may reasonably pay or incur in connection with (i) the administration, enforcement, defense, or preservation of any rights or security in the Indenture or Loan Agreement, (ii) the pursuit of any remedies under the Indenture or any other related document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, the Loan Agreement or any other related document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture, the Loan Agreement or the transactions contemplated thereby.

(e) The Indenture shall not be discharged and the Loan Agreement shall not be terminated until all obligations of the Borrower owing to the Issuer or the State under the Public Charter School Facilities Program or otherwise shall have been paid in full. The Borrower's obligation to pay such amounts shall expressly survive payment in full of the Bonds.

**Section 12.23 Electronic Signatures.** The parties agree that the electronic signature of a party to this Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Indenture) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or "printouts", if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

**Section 12.24 Applicability of State Laws or Regulations.** If, subsequent to the date of this Agreement, it is determined that a state law or regulation applies to the Issuer and to this Agreement, and this Agreement cannot continue without an amendment hereto or other actions taken in compliance with such law or regulation, then this Agreement shall be amended in order to achieve such compliance.

(Signature page follows.)

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**IDAHO HOUSING AND FINANCE  
ASSOCIATION, as Issuer**

By: \_\_\_\_\_  
Cory Phelps, Vice President, Project  
Finance

**ALTURAS PREPARATORY  
ACADEMY, INC., as Borrower**

By: \_\_\_\_\_  
Brian Bingham, Principal

TERMS ACKNOWLEDGED AND ACCEPTED:

**ZIONS BANCORPORATION,  
NATIONAL ASSOCIATION, as Trustee**

By: \_\_\_\_\_  
Jennifer Mabbott, Vice President  
Zions Bank Division

EXHIBIT A

LEGAL DESCRIPTION OF LAND

EXHIBIT B

FORM OF PROJECT FUND REQUISITION CERTIFICATE

Request No.

Date:

TO: ZIONS BANCORPORATION, NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE"), UNDER THE TRUST INDENTURE DATED AS OF OCTOBER 1, 2024, BETWEEN IDAHO HOUSING AND FINANCE ASSOCIATION (THE "ISSUER") AND THE TRUSTEE, AND THE LOAN AGREEMENT DATED AS OF OCTOBER 1, 2024 (THE "AGREEMENT"), BETWEEN THE ISSUER AND ALTURAS PREPARATORY ACADEMY, INC.

The undersigned Authorized Representative of the Borrower hereby requests that the following amounts be paid to the following payees for the following Costs of the Project (as defined in said Agreement) (the "Costs"):

Payee and Address	Amount	Description
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The undersigned Authorized Representative of the Borrower hereby states and certifies that:

(a) obligations in the stated amounts have been incurred and performed at the Facilities and are currently due and payable and that each item thereof is a proper charge against the Project Fund and has not been the subject of a previous withdrawal from such fund;

(b) to the best of the undersigned's knowledge, there has not been filed with or served upon the Issuer or the Borrower notice of any lien, right or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released and will not be released simultaneously with the payment of such obligation;

(c) (i) obligations as stated on the requisition have been incurred, (ii) such work was actually performed or such materials or supplies were actually furnished or installed in or about the Facilities, (iii) if contested, bond has been made by the Borrower and (iv) either such materials or supplies are not subject to any lien or security interest or any such lien or security interest will be released or discharged upon payment of the requisition;

(d) all rights, title and interest to any and all personal property acquired with the proceeds of the requisition are vested in the Borrower;



(e) the amount remaining in the Project Fund is sufficient to pay all unpaid costs of designing, constructing, and equipping the project or, if not, Borrower shall cover such shortfall as required by the Loan Agreement and Indenture;

(f) after taking into account the proposed disbursement, at least 95% of the aggregate of all disbursements of the proceeds of Tax-Exempt Bonds plus earnings thereon will have been applied to pay or reimburse the Borrower for the payment of capital costs of the Facilities;

(g) no Event of Default currently exists under the Agreement, and no facts currently exist that, with the passage of time or giving of notice or both, would constitute an Event of Default under the Agreement; and

(h) this requisition [does][does not] relate to a construction cost.

ALTURAS PREPARATORY ACADEMY, INC.

By: \_\_\_\_\_  
Authorized Representative

By: \_\_\_\_\_  
[Consulting Architect]

The Facilities have been completed substantially in compliance with the plans and specifications relating thereto.

\_\_\_\_\_

By: \_\_\_\_\_  
[Consulting Architect]

EXHIBIT C-1

FORM OF SERIES 2024A PROMISSORY NOTE

\$ \_\_\_\_\_, 2024

For value received, the undersigned, ALTURAS PREPARATORY ACADEMY, INC., an Idaho nonprofit corporation (the "Borrower"), hereby promises to pay to the order of IDAHO HOUSING AND FINANCE ASSOCIATION (the "Lender") in its capacity as Issuer under the Trust Indenture dated as of October 1, 2024, between ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as trustee ("Trustee") and Lender, at Trustee's designated office in Boise, Idaho, or at any other place designated at any time by the holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of [ \_\_\_\_\_ ] AND NO/100 DOLLARS (\$ \_\_\_\_\_), together with interest on the principal amount hereunder remaining unpaid from time to time, computed on the basis of a 360 day year consisting of twelve 30 day months, from the date hereof until this Note is fully paid. Such principal amount above and the interest thereon is payable in such amounts and at such times and at the rate or rates from time to time in effect under the Loan Agreement dated as of October 1, 2024 (the "Loan Agreement") by and between Lender and Borrower. The principal hereof and interest accruing thereon shall be due and payable as provided in the Loan Agreement. This Note may be prepaid only in accordance with the Loan Agreement.

This Note is issued pursuant, and is subject, to the Loan Agreement, which provides, among other things, for acceleration hereof. This Note is the Series 2024A Note referred to in the Loan Agreement.

This Note is secured, among other things, by the Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated as of October 1, 2024 (the "Deed of Trust"), and may now or hereafter be secured by one or more other security agreements, mortgages, deeds of trust, assignments or other instruments or agreements.

Borrower hereby agrees to pay all costs of collection, including attorneys' fees and legal expenses in the event this Note is not paid when due, whether or not legal proceedings are commenced.

Borrower agrees that the interest rate contracted for includes the interest rate set forth herein or in the Loan Agreement plus any other charges or fees set forth herein or therein and costs and expenses incident to this transaction paid by the Borrower to the extent the same are deemed interest under applicable law.

(Remainder of page intentionally left blank.)

Presentment or other demand for payment, notice of dishonor and protest are expressly waived.

ALTURAS PREPARATORY ACADEMY,  
INC., an Idaho nonprofit corporation

By: \_\_\_\_\_  
Brian Bingham, Principal

ENDORSEMENT

Pay to the order of Zions Bancorporation, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for such Series 2024A Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

DATED \_\_\_\_\_, 2024.

**IDAHO HOUSING AND FINANCE  
ASSOCIATION, as Issuer**

By: \_\_\_\_\_  
Cory Phelps, Vice President, Project Finance

EXHIBIT C-2

FORM OF SERIES 2024B PROMISSORY NOTE

\$ \_\_\_\_\_, 2024

For value received, the undersigned, ALTURAS PREPARATORY ACADEMY, INC. an Idaho, nonprofit corporation (the "Borrower"), hereby promises to pay to the order of IDAHO HOUSING AND FINANCE ASSOCIATION (the "Lender") in its capacity as Issuer under the Trust Indenture dated as of October 1, 2024, between ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as trustee ("Trustee") and Lender, at Trustee's designated office in Boise, Idaho, or at any other place designated at any time by the holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of \_\_\_\_\_ AND NO/100 DOLLARS (\$ \_\_\_\_\_), together with interest on the principal amount hereunder remaining unpaid from time to time, computed on the basis of a 360 day year consisting of twelve 30 day months, from the date hereof until this Note is fully paid. Such principal amount above and the interest thereon is payable in such amounts and at such times and at the rate or rates from time to time in effect under the Loan Agreement dated as of October 1, 2024 (the "Loan Agreement") by and between Lender and Borrower. The principal hereof and interest accruing thereon shall be due and payable as provided in the Loan Agreement. This Note may be prepaid only in accordance with the Loan Agreement.

This Note is issued pursuant, and is subject, to the Loan Agreement, which provides, among other things, for acceleration hereof. This Note is the Series 2024B Note referred to in the Loan Agreement.

This Note is secured, among other things, by the Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, dated as of October 1, 2024 (the "Deed of Trust"), and may now or hereafter be secured by one or more other security agreements, mortgages, deeds of trust, assignments or other instruments or agreements.

Borrower hereby agrees to pay all costs of collection, including attorneys' fees and legal expenses in the event this Note is not paid when due, whether or not legal proceedings are commenced.

Borrower agrees that the interest rate contracted for includes the interest rate set forth herein or in the Loan Agreement plus any other charges or fees set forth herein or therein and costs and expenses incident to this transaction paid by the Borrower to the extent the same are deemed interest under applicable law.

(Remainder of page intentionally left blank.)

Presentment or other demand for payment, notice of dishonor and protest are expressly waived.

ALTURAS PREPARATORY ACADEMY,  
INC., an Idaho nonprofit corporation

By: \_\_\_\_\_  
Brian Bingham, Principal

ENDORSEMENT

Pay to the order of Zions Bancorporation, National Association, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for such Series 2024B Bonds issued under such Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

DATED: \_\_\_\_\_, 2024

**IDAHO HOUSING AND FINANCE ASSOCIATION**, as Issuer

By: \_\_\_\_\_  
Cory Phelps, Vice President, Project Finance

EXHIBIT D

BORROWER’S ANNUAL CERTIFICATE OF CONTINUING COMPLIANCE

The undersigned, \_\_\_\_\_, \_\_\_\_\_ of Alturas Preparatory Academy, Inc. (the “Borrower”) hereby certifies, with respect to the Idaho Housing and Finance Association (“IHFA”) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) and Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (collectively, (the “Bonds”), that during the period July 1, 20\_\_ through June 30, 20\_\_ (the “Fiscal Year”):

- (a) The Borrower has not, except with the Issuer’s written approval, substantially subtracted from any real or personal property of the Facilities.
- (b) The Borrower has not permitted the use of any part of the Facilities for any purpose other than as a public school pursuant to the Act as amended, consistent with the Loan Agreement, dated as of October 1, 2024 (the “Loan Agreement”), executed in connection with the issuance of the Bonds.
- (c) The Borrower has not allowed any Person or organization, other than the Borrower, to become a user of the Project, or any portion thereof, nor has the Borrower transferred any portion of the Project, except as follows: \_\_\_\_\_.
- (d) The Borrower is in compliance with all other provisions of the Loan Agreement, and all representations contained in the Loan Agreement continue to be true and correct.
- (e) The balance in the Repair and Replacement Fund as of the date hereof is \$[\_\_\_\_\_] and such balance is in compliance with the Repair and Replacement Fund Requirement.
- (f) The Borrower is in compliance with insurance requirements of the Loan Agreement and such insurance coverage provides adequate coverage.
- (g) A review of the activities of the Borrower during such Fiscal Year and of performance hereunder has been made under my supervision.
- (h) I am familiar with the provisions of Loan Agreement and the Tax Certificate and Agreement of IHFA and the Borrower dated October 22, 2024 (the “Tax Certificate”), and to the best of my knowledge, based on such review and familiarity, the Borrower has fulfilled all of its obligations under the Loan Agreement and the Tax Certificate throughout the Fiscal Year, and there have been no defaults under the Loan Agreement or the Tax Certificate.
- (i) The IRS Form 990 of the Borrower for the preceding year has been filed and a copy of which is enclosed herewith.

All capitalized terms used herein, but not defined herein, have the meaning given in the Loan Agreement and Indenture.

DATED: \_\_\_\_\_

ALTURAS PREPARATORY ACADEMY, INC.

By: \_\_\_\_\_  
[NAME]  
[TITLE]

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When Recorded Return To:

Zions Bancorporation, National Association  
800 W. Main Street, Suite 700  
Boise, Idaho 83702

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY  
AGREEMENT AND FIXTURE FILING**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FILING (hereinafter called the "Deed of Trust") is made as of October 1, 2024, between and among ALTURAS PREPARATORY ACADEMY, INC., an Idaho nonprofit corporation, whose mailing address is 2280 East 17th Street, Idaho Falls, Idaho 83404 (the "Grantor" and referred to herein as the "Trustor" or "Debtor"), and Secured Land Transfers LLC dba TitleOne Corporation, 1101 W. River Street, Suite 201, Boise, Idaho 83702, or its substitutes, successors and assigns as hereinafter permitted (the "Trustee"), for the benefit of ZIONS BANCORPORATION, NATIONAL ASSOCIATION 800 W. Main Street, Suite 700, Boise, Idaho 83702 (the "Grantee" and referred to herein as the "Beneficiary" or the "Trustee for the Bonds"), securing the repayment of the Bonds (hereinafter defined). **THIS DEED OF TRUST ALSO CONSTITUTES A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE WITH TRUSTOR AS DEBTOR AND BENEFICIARY AS SECURED PARTY.**

WITNESSETH:

WHEREAS, a Loan Agreement, dated as of October 1, 2024 (the "Agreement" or "Loan Agreement"), has been duly executed between the Idaho Housing and Finance Association, an independent public body corporate and politic organized and existing under the laws of the State of Idaho (the "Issuer") and the Trustor and assigned by the Issuer to the Trustee for the Bonds (as defined below); and

WHEREAS, the Issuer, by a Trust Indenture dated as of October 1, 2024 (the "Indenture" or "Trust Indenture") between the Issuer and the Trustee for the Bonds has authorized the issuance of its Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) and Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) in the aggregate principal amount of \$ \_\_\_\_\_ (collectively, the "Bonds"), which Bonds are secured by an assignment of all of the right, title and interest of the Issuer in and to the Agreement (except for certain rights to indemnification and compensation), including loan repayments in the aggregate principal amount of THOUSAND AND NO/100THS DOLLARS (\$ \_\_\_\_\_), plus interest on such principal); and

WHEREAS, as an inducement to the issuance of the Bonds, the Trustor has unconditionally agreed to execute, deliver and perform all provisions, terms and conditions of this Deed of Trust;

NOW, THEREFORE, in order to secure the repayment of all amounts due and payable by the Trustor under the Loan Agreement, as the same shall become due and payable according to their tenor, and to secure the performance and observance of all the provisions therein and herein contained, and for and in consideration of the Loan (as defined in the Loan Agreement) and to secure the Trustor's performance of each and every term, covenant, agreement and condition contained in this Deed of Trust, and a Bond Purchase Agreement among the Issuer, the Trustor and Purchaser, dated October \_\_, 2024, the Trustor by these presents does irrevocably grant, bargain, sell and convey to the Trustee, in trust, with power of sale, all of the following contained in Granting Clauses I to VIII inclusive (all of which are hereinafter sometimes collectively called the "Mortgaged Property"):

I

Land. The estate or interest in the fee title to the real property described on Exhibit "A" attached hereto ("Land") and all right, title and interest now owned or hereafter acquired by the Trustor in and on the fee estate in the Land.

II

Fixtures and Improvements. All right, title and interest of the Trustor in and to the Fixtures and Improvements, including without limitation all railroad spur tracks and sidings now or at any time hereafter erected, constructed and situated upon, and pursuant to, the Land interest or any part thereof, and all apparatus, appliances, furnaces, boilers, machinery, engines, motors, compressors, dynamos, elevators, fittings, piping, connections, conduits, ducts, and equipment, together with all awnings, carpeting, drapes, screens, storm doors and windows, shades, floor coverings, wall beds, cabinets, and partitions, and other like personal property owned by Trustor of every kind and description now or hereafter affixed or attached to any such building, structure, or improvement as shall be now or hereafter used or procured for use in connection with the heating, cooling, lighting, plumbing, ventilating, air conditioning, refrigeration, cleaning or general operation and which are structural components of any such building, structure or improvement (all of which other than such foundations and footings, are hereinafter referred to as "Building Equipment"), together with any and all alterations, replacements and additions to any such building, structure or improvement or Building Equipment, whether made by Trustor or any successor in interest (all of the foregoing including the Building Equipment being hereinafter sometimes collectively called the "Buildings"), provided that so-called "trade fixtures" which can be removed without damage to the Buildings are not intended to be covered by this Granting Clause II.

III

Easements and Roadways. All right, title and interest of the Trustor, now or at any time hereafter existing, in and to all highways, roads, streets, alleys and other public thoroughfares, bordering on or adjacent to any and all real estate covered or intended to be covered by this Deed of Trust, together with all right, title and interest of the Trustor to the land lying within such highways, roads, streets, alleys and other public thoroughfares, and together with all heretofore or hereafter vacated highways, roads, streets, alleys (but only to the extent lying within the Land

described in Exhibit “A”) and public thoroughfares and all strips and gores adjoining or within such real estate or any part thereof;

IV

Appurtenances, etc. All rights, privileges, licenses, easements, tenements, hereditaments and appurtenances now or at any time hereafter belonging to or in any way appertaining to the real estate covered or intended to be covered by this Deed of Trust, or to any property now or at any time hereafter comprising a part of the property subject to this Deed of Trust; and all right, title and interest of the Trustor, whether now or at any time hereafter existing, in all reversions and remainders to such real estate and other property.

V

Assignment of Rents and Other Rights and Interests of Trustor in or to the Land and the Fixtures and Properties. All right, title and interest of Trustor now owned or hereafter acquired, in and to all and singular the tenements, hereditaments, privileges, easements, franchises, leases and subleases, licenses and appurtenances belonging or in any way appertaining to the property described in the preceding Granting Clauses, the reversions, remainders, rents, issues and profits thereof, including all interest of the Trustor as landlord in and to all present and future licenses, leases, tenancies and occupancies of space in the Improvements and in each and every sublease of the entire or any part of the Land, and all the estate, rights, title and interest, claim and demand whatsoever in law or in equity, which the Trustor now has or may hereafter acquire in and to such property, including, without limiting the generality of the foregoing, any award in condemnation and the proceeds of any policy of insurance relating to the Mortgaged Property.

All of the above described property and interest therein are hereinafter referred to as the “Premises.”

VI

Personal Property Used in Operation of the Premises and Located on the Premises. A security interest and a continuing lien in the following described property, together with all proceeds of all such property (collectively, the “Personal Property”), to-wit:

- (a) All leases and subleases of the Premises, (b) all fixtures, appliances, furnishings, machinery, equipment and tangible personal property of Trustor located on such real property, together with all hereafter additions, replacements and substitutions thereof as permitted under the Loan Agreement and (c) all rents, issues and profits of said property.

The foregoing Granting Clause VI shall not be deemed to include any customer goods stored on the Premises or any property belonging to any lessee of the Premises.

VII

Awards or Payments with Respect to the Land, the Fixtures, the Improvements and Other Properties. Any and all awards or payments, including interest thereon, and the right to receive the same, which may be made with respect to the Land, the Fixtures, the Improvements or the other properties referred to in Granting Clauses I through VIII hereof as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street or (c) any other injury to or decrease in the value of the premises referred to in Granting Clauses I through VIII hereof, to the extent of all amounts which may be secured by this Deed of Trust at the date of receipt of any such award or payment by the Beneficiary, and of the reasonable counsel fees, costs and disbursements incurred by the Beneficiary in connection with the collection of such award or payment. The Trustor agrees to execute and deliver, from time to time, such further instruments as may be requested by the Beneficiary to confirm such assignment to the Beneficiary of any such award or payment.

VIII

Further Property of Trustor. All right, title and interest of the Trustor in and to all property and rights, if any, which are, by the express provisions of this Deed of Trust, required to be subjected to the lien hereof by the Trustor or by anyone on its behalf.

Any reference herein to the “Mortgaged Property” shall be deemed to apply to all the properties expressed in foregoing Granting Clauses I through VIII and all of the properties described in Section 01.(a) hereof, unless the context shall require otherwise, together with any and all proceeds thereof (as defined in the UCC). It is understood that all the properties hereby granted, bargained, sold, alienated, released, remised, transferred, mortgaged and conveyed are intended so to be as a unit and are hereby understood, agreed and declared to form a part and parcel of the Mortgaged Property described in Granting Clauses I through VIII hereof and to be appropriated to the use of the said Mortgaged Property, and shall for the purposes of this Deed of Trust, so far as permitted by law, be deemed to be real estate and covered by this Deed of Trust, and as to the balance of the properties as aforesaid, this Deed of Trust is hereby deemed to be as well a security agreement for the purpose of creating a security interest in said properties referred to in Granting Clauses I through VIII hereof, which security interest the Trustor hereby grants to the Beneficiary as security for the obligations aforesaid.

SUBJECT HOWEVER, to Permitted Encumbrances.

TO HAVE AND TO HOLD the Mortgaged Property described in Granting Clauses I through VIII hereof together with all improvements thereon and all the rights, hereditaments and appurtenances in any way appertaining or belonging thereto, whether now owned or hereafter acquired, unto the Trustee and its successors and assigns forever.

THIS DEED OF TRUST IS GIVEN FOR THE PURPOSE OF SECURING: (1) Payment of the sum of [ ] THOUSAND AND NO/100THS DOLLARS (\$ \_\_\_\_\_), with premium, if any, and interest on the Loan (as defined in the Loan Agreement), according to the terms of the Loan Agreement and all amendments, modifications, extensions or renewals thereof,

but with a final payment on the Loan due in any event on or before May 1, 2054; (2) payment of such additional sums with interest thereon as herein provided (a) as may be hereafter borrowed from the Issuer by the Trustor with respect to the Project (as defined in the Indenture) or (b) as may be paid out or advanced by the Issuer and/or the Trustee for the Bonds or may otherwise be due to the Trustee, the Trustee for the Bonds, the State Treasurer or the Issuer under any provision of this Deed of Trust and all modifications, extensions or renewals thereof; and (3) performance of each agreement of the Trustor contained herein or incorporated herein by reference or contained in the Loan Agreement or in any other instrument executed by the Trustor relating thereto.

The Trustor warrants that (i) it is lawfully possessed and is the lawful owner and holder of the Land; (ii) at the time of the transfer, Land is (a) located within an incorporated city or village; (b) not exceeding eighty (80) acres, regardless of its location, provided that such real property is not principally used for the agricultural production of crops, livestock, dairy or aquatic goods; or (c) does not exceed forty (40) acres; (iii) the Loan secured by this Deed of Trust was not made primarily for personal, family or household purposes; (iv) the Premises is free and clear of any deed of trust, mortgage, lien, charge or encumbrance thereon or affecting the title thereto prior to this Deed of Trust (other than as are specifically set forth in this Deed of Trust and Permitted Encumbrances); (v) it is well and truly seized of the property described in the preceding Granting Clauses hereof, free and clear of any liens and encumbrances except as expressly set forth in this Deed of Trust; (vi) except for the assignment contained herein, there is no present assignment of the rents and payments described under Granting Clause V hereof; (vii) it will maintain and preserve the lien of this Deed of Trust until the indebtedness secured hereby has been paid in full; (viii) it has good right and lawful authority to mortgage and pledge the Mortgaged Property described in Granting Clauses I through VIII hereof, as provided in and by this Deed of Trust and the execution, delivery and performance of the Deed of Trust will not violate, conflict with, breach or constitute a default under any Legal Requirement; (ix) that this Deed of Trust creates a valid, enforceable lien and security interest under Idaho law, including without limitation Idaho Code § 45-1502(5), securing the payment and performance of the Obligations and (x) that it will forever warrant and defend the same against any and all claims and demands whatever, except as are specifically set forth in this Deed of Trust.

#### **Section 01. Deed of Trust/Security Agreement.**

(a) This Deed of Trust constitutes a security agreement with respect to all Personal Property described in Granting Clauses I through VIII above in which Beneficiary is hereby granted a security interest hereunder, and Beneficiary shall have all of the rights and remedies of a secured party under the UCC (as defined below) as well as all other rights and remedies available hereunder or at law or in equity or by judicial decision.

The Trustor and the Beneficiary agree that the filing of any such financing or continuation statement in the records normally having to do with personal property shall never be construed as in anywise derogating from or impairing this declaration and hereby stated intention of the parties hereto, that everything used in connection with the production of income from the Mortgaged Property and/or adopted for use therein and which is described or reflected in this Deed of Trust is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate

irrespective of whether, (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment or items capable of being thus identified in a recital contained in this Deed of Trust or in any list filed with the Beneficiary or (iii) any such item is referred to or reflected in any such financing or continuation statement so filed at any time.

(b) Upon any default of the Trustor, the Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, use any of the Personal Property for any purpose for which the Trustor could have used it or with respect to the construction, financing, management, use, operation or occupancy of any improvements on the Premises, and the Trustor hereby irrevocably appoints the Beneficiary as its attorney-in-fact to exercise (but the Beneficiary shall not be obligated to and shall incur no liability to the Trustor or any third party for failure so to exercise) any and all rights and powers which the Trustor might exercise with respect to any of the Personal Property. The Trustor agrees to reimburse the Beneficiary, and its assignee and the State Treasurer, on demand for any and all costs and expenses, including without limitation reasonable attorneys' fees, which the Beneficiary or its assignee and the State Treasurer may incur while acting as the Trustor's attorney-in-fact hereunder, together with interest thereon at a rate equal to the Default Rate, all of which costs and expenses and interest thereon shall be secured by this Deed of Trust and any other documents or agreements now or hereafter securing the Loan and the Loan Agreement. The Beneficiary shall also have all other rights and remedies with respect to any of the Personal Property or the enforcement of their security interest upon default by the Trustor as are provided under applicable law (including without limitation the UCC) to a secured creditor, including without limitation the right to notify any account holder, account debtor or depository to make payment directly to the Beneficiary, and the right to foreclose or otherwise enforce the Beneficiary's security interest in any manner permitted by applicable law or provided for herein, all of which rights and remedies shall be cumulative and in addition to all rights, powers and remedies which the Beneficiary at any time may have under the other instruments, agreements or documents now or hereafter securing or relating to the Bonds. Notwithstanding the foregoing, Beneficiary shall not exercise any such rights or remedies without the prior written consent of the State Treasurer. Without limiting the foregoing, in the event that the Beneficiary elects to sell or dispose of or cause to be sold or disposed of any of the Personal Property at any one or more public or private sales as permitted by applicable law, such sale or disposition may, as directed by the State Treasurer, be made together with or separately from any sale of any real property encumbered hereby, and any such sale or disposition may be conducted by an employee or agent of Beneficiary or Trustee. In exercising any such remedies the Beneficiary may, with consent of the State Treasurer, sell all the Mortgaged Property as a unit even though the sales price thereof may exceed the amount remaining unpaid by the Trustor. Any person, including the Trustor, the Trustee for the Bonds, the State Treasurer, any Owner of Bonds (as defined in the Indenture), and the Beneficiary, shall be eligible to purchase any part or all of the Personal Property at any such sale or disposition.

(c) Expenses of retaking, holding, preparing for sale, selling and the like shall be borne by Trustor and shall include the attorney's fees and legal expenses of the Beneficiary, its



assignee, the State Treasurer, and the Trustee. Trustor, upon demand of Beneficiary, the State Treasurer or Beneficiary assignee and at Trustor's cost and expense, shall assemble any Personal Property and make it available to Beneficiary at the Premises, a place which is hereby deemed to be reasonably convenient to Beneficiary and Trustor. Beneficiary shall give Trustor at least five (5) days' prior written notice of the time and place of any public sale or other disposition of any Personal Property or of the time of or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Trustor, as the same is provided for the mailing of notices herein, it is hereby deemed that such notice shall be and is reasonable notice to Trustor under the UCC or any other applicable law.

**Section 02. Reconveyance.** This conveyance is made in trust, and these presents are upon this express condition, that if the Trustor, or its successors or assigns, pays the sums of money and the interest thereon stated in the Loan Agreement and secured by this Deed of Trust, and otherwise performs all of its obligations as provided hereunder and under the Loan Agreement and other documents evidencing or securing the Loan, then this Deed of Trust and the estate hereby granted shall cease, terminate and be void, and the Trustee shall reconvey without warranty the property then held hereunder. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto." None of the Beneficiary, the Trustee for the Bonds, the State Treasurer or the Trustee shall be required to bear any expense or cost in connection with such reconveyance or the recording thereof.

**Section 03. Definitions.** In addition to all other words defined herein, and unless a different meaning or intent clearly appears from the context, the following terms have the following defined meanings:

**"Agreement" or "Loan Agreement"** means the Loan Agreement between the Issuer and the Trustor dated as of October 1, 2024.

**"Beneficiary"** means the Zions Bancorporation, National Association, and its respective substitutes, successors and assigns.

**"Deed of Trust"** means the Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of October 1, 2024, and evidenced by this document, as the same may be amended as set forth herein and in the Indenture.

**"Default Rate"** means the lesser of: (a) an interest rate equal to the highest rate of interest borne by any of the Bonds; or (b) the maximum rate permitted by law.

**"Facilities"** means the education facilities to be financed and/or refinanced with the proceeds of the Bonds, as more fully described in the Indenture.

**"Fixtures"** means all materials, supplies, equipment, apparatus and other items owned by the Trustor now or hereafter including any property acquired by Trustor, attached to, installed in or used, whether temporarily or permanently, in connection with any of the Improvements, as hereinafter defined, or the Land or Land interest, and all renewals, replacements, substitutions

thereof and additions thereto, including, but not limited to, any and all partitions, ducts, shafts, pipes, radiators, conduit, wiring, window screens and shades, drapes, carpeting and other floor coverings, awnings, motors, engines, boilers, pumps, transformers, generators, fans, blowers, vents, switchboards, elevators, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, swimming pools, heating, ventilating, pumping, laundry, incinerating, air conditioning and other cooling systems, water, gas and electrical equipment, disposals, dishwashers, refrigerators and ranges, cafeteria equipment, recreational equipment and facilities of all kinds, all of which property and things, to the extent permitted by law, are hereby declared to be permitted accessions to the Land.

**"Governmental Authority"** means any and all governmental or quasi-governmental entities of any nature whatsoever, whether federal, state, county, district, city or otherwise, and whether now or hereafter in existence.

**"Impositions"** means all rates, charges and penalties, including deposits, insurance, taxes and fines, including regular and special assessments, both as to realty and as to personalty, water, gas, sewer, garbage, electricity, telephone and other utilities, any easement, license or agreement, payments maintained for the benefit of the Mortgaged Property, and all other charges or taxes and any interest, costs or penalties with respect thereto of any nature whatsoever which may now or hereafter be assessed, levied or imposed upon the Mortgaged Property or the ownership, use, occupancy and enjoyment thereof.

**"Improvements"** means any and all buildings, structures, sidewalks, parking areas, fences, and other improvements, including the Project Facilities, and any and all additions, alterations or appurtenances thereto, and any and all plans, specifications, feasibility studies, cost estimates, permits, licenses and certificates now or at any time hereafter placed or constructed upon the Land or Land interest or any part thereof.

**"Indebtedness"** means, in respect of any person

- (a) all items of indebtedness to banks or any other persons or liability for borrowed money or otherwise (except capital, surplus, deferred credits and reserves, as such) which would be included in determining total liabilities in accordance with GAAP as shown on the liability side of a balance sheet as of the date on which indebtedness is determined;
- (b) indebtedness secured by any lien, whether or not such indebtedness shall have been assumed;
- (c) any other indebtedness or liability for borrowed money or for the deferred purchase price of property or service for which such person is directly or contingently liable as obligor, guarantor, or otherwise, or with respect to which such person otherwise assures a creditor against loss; and
- (d) unfunded vested benefits under each plan maintained for employees of such person covered by Title IV of the Employee Retirement Income Security Act of 1974, as amended.

“**Land**” means the real estate and all improvements and fixtures and all rights, titles and interests appurtenant thereto, and any and all surveys, engineering studies, appraisal reports, permits, licenses and certificates now or hereafter acquired, situated in Bonneville County, Idaho, as more particularly described in Exhibit “A” attached hereto, which is incorporated herein by this reference for all purposes, hereditaments, prescriptions, profits and advantages thereto in any way belonging.

“**Leases**” means all leases, including oil, gas and other mineral leases, subleases, licenses, concessions, contracts or other agreements, whether written or oral, now or hereafter in effect, which grant a possessory interest in and to or the right to use any portion of the Mortgaged Property or which relate to the use or construction of the Improvements.

“**Legal Requirements**” means any and all of the following that may now or hereafter be applicable to the Trustor or the Mortgaged Property:

- (i) Judicial decisions, statutes, rulings, rules regulations, permits, certificates or ordinances of any Governmental Authority;
- (ii) Trustor’s Operating Agreement and any other agreements pertaining to the form of the Trustor’s business entity;
- (iii) Leases;
- (iv) Easements, privileges, restrictions and any other incorporeal rights of record; and
- (v) Other written agreements or promises of any nature.

“**Mortgaged Property**” means the property defined and described in the Granting Clauses and Section 01.(a) hereof, together with all or any part of and any interest in the following:

- (i) Rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances in any way pertaining thereto, and rights, titles and interests of the Trustor in and to any streets, alleys, driveways and strips of land adjoining the Land or any part thereof;
- (ii) Promises made or undertaken by the Trustor as set forth in the Loan Agreement but only insofar as any or all of the foregoing relates thereto and any extensions, renewals or refundings thereof.

“**Obligated Party**” means any maker, co-maker, guarantor, surety, endorser or other party, other than the Trustor, directly or indirectly obligated or primarily or secondarily liable for any part of the Indebtedness or the performance of any of the Obligations.

“**Obligations**” means any and all actions which an Obligated Party is required to perform under the Loan Agreement, the Indenture and this Deed of Trust.

“**Permitted Encumbrances**” means the definition of “Permitted Encumbrances” in the Indenture and as shown on Exhibit “B” attached hereto.

“**Purchaser**” means Raymond James & Associates, Inc., acting on behalf of itself and as representative of the other underwriters of the Bonds, as initial purchasers of the Bonds.

“**Rents**” means all consideration, whether money or otherwise, paid or payable for the use or occupancy of the Mortgaged Property by any third party.

“**Trustee**” or “**Trustee for the Deed of Trust**” means Secured Land Transfers LLC dba TitleOne Corporation, 1101 W. River Street, Suite 201, Boise, Idaho 83702 and its substitutes, successors and assigns.

“**Trustee for the Bonds**” means Zions Bancorporation, National Association, as Trustee under the Indenture located at 800 W. Main Street, Suite 700, Boise, Idaho 83702.

“**Trustor**” means Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation and its substitutes, successors and assigns as permitted under the Loan Agreement.

“**UCC**” means the Uniform Commercial Code as adopted in the State of Idaho (Title 28, Idaho Code), as amended from time to time.

All other capitalized terms used but not defined herein shall have the same meanings or intent as defined in the Indenture.

**Section 04. Payment of Debts, Secured Assessments and Liens.** The Trustor hereby covenants and agrees as follows:

- (a) to pay all Indebtedness and perform all Obligations secured by this Deed of Trust, when, for any cause, the same shall become due;
- (b) to pay all real estate taxes and special assessments coming due on said property;
- (c) to maintain the Improvements and Fixtures on said property in a rentable and tenable condition and state of repair, to neither commit nor suffer any waste, to comply promptly with all Legal Requirements and pay Impositions of any kind in connection therewith. The Beneficiary may recover as damages for any breach of this covenant the amount it would cost to put said property in the condition called for herein. The Trustor shall permit Beneficiary or its agents the opportunity to inspect said property, including the interior of any structures, at reasonable times and after reasonable notice;
- (d) to complete or restore promptly and in good workmanlike manner any building or improvement which may be constructed, damaged or destroyed thereon, and pay when due all costs incurred therefor;

(e) to keep the Mortgaged Property insured according to the terms of the Loan Agreement;

(f) to appear in and defend any suit, action or proceeding that might affect the value of this Deed of Trust or the Mortgaged Property or the rights and powers of the Beneficiary or the Trustee; and should the Beneficiary and/or the Trustee elect also to appear in or defend any such action or proceeding, be made a party to such action by reason of this Deed of Trust, or elect to prosecute such action as appears necessary to preserve said value, the Trustor will, at all times, indemnify and save the Beneficiary, including its assignee, and the Trustee harmless from, and, on demand, reimburse the Beneficiary, its assignee, and the Trustee for, any and all loss, damage, expense or cost, including cost of evidence of title and attorneys' fees, arising out of or incurred in connection with any such suit, action or proceeding, and the sum of such expenditures, shall be secured by this Deed of Trust and shall be due and payable on demand; and further to pay costs of suit, cost of evidence of title and reasonable attorneys' fee in any proceeding or suit brought by Beneficiary or its assignee to foreclose this Deed of Trust;

(g) to pay in full before delinquent all Impositions that may now or hereafter be levied, assessed or claimed upon said property or any part thereof, which at any time appear to be prior or superior hereto for which provision has not been made heretofore, and upon request will exhibit official receipts therefor to the Beneficiary, and to pay all taxes imposed upon, reasonable costs, fees and expenses of this Deed of Trust; and

(h) to repay immediately after written notice to the Trustor all sums expended or advanced hereunder by or on behalf of the Beneficiary, its assignee, or the Trustee, and the repayment thereof shall be secured by this Deed of Trust. Failure to repay such expenditure or advance within thirty (30) days of the mailing of such notice will constitute an event of default hereunder, or, the Beneficiary may commence an action against the Trustor for the recovery of such expenditure or advance, and in such event the Trustor agrees to pay, in addition to the amount of such expenditure or advance, all costs and expenses incurred in such action, together with reasonable attorneys' fees.

**Section 05. Direct Payment by Trustor, State Treasurer or Beneficiary.** Should the Trustor fail to make any payment or to do any act as herein provided, then the Beneficiary, the State Treasurer or the Trustee, but without obligation so to do and without notice to or demand upon the Trustor and without releasing the Trustor from any obligation hereof, may:

(a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, the Beneficiary, the State Treasurer or the Trustee being authorized to enter upon the Premises for such purposes;

(b) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of the Beneficiary, the State Treasurer or the Trustee;

(c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of any appears to be prior or superior hereto; and

(d) in exercising any of the foregoing powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor including cost of evidence of title, employ counsel and pay its reasonable fees, provided that Trustor shall reimburse Beneficiary, the State Treasurer or Trustee for sums expended plus interest thereon at the Default Rate.

**Section 06. Condemnation and Casualty.** Should the Mortgaged Property or any part, appurtenance, right or interest therein be taken or damaged by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, or in any other manner, Trustor shall give immediate written notice to the Beneficiary, and the insurance carrier. Trustor hereby authorizes and empowers the Beneficiary, to commence, appear in and prosecute, in its own name, any action or proceeding, or make any compromise or settlement, in connection with such taking or damage, and obtain all compensation, awards or other relief therefor; provided, however, that nothing herein shall require the Beneficiary to incur any expense or take any action. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of the insurance affecting the Mortgaged Property, are hereby assigned to the Trustee for the Bonds, which may, after deducting therefrom all its expenses, including attorneys' fees, release any monies so received, or apply the same on any indebtedness secured hereby, whether or not due, or disburse the same for the replacement, repair or restoration of the Mortgaged Property, as the Trustor may elect, so long as such action is consistent with the provisions of Section 7.1 of the Loan Agreement.

If the insurance proceeds are held by the Trustee for the Bonds for the cost of restoration or repair of the Mortgaged Property, the Mortgaged Property shall be restored to the equivalent of its original condition or such other condition as the Beneficiary may approve in writing, subject to Section 7.1 of the Loan Agreement. The Beneficiary may, condition disbursements of said proceeds on its approval of such plans and specifications of an architect satisfactory to the Beneficiary, contractors' cost estimates, architects' certificates, waivers of liens, sworn statements of mechanics and materialmen and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as it may reasonably require.

The Trustor further assigns to the Beneficiary any return of premiums or other repayments upon any insurance at any time provided for the benefit of the Beneficiary, refunds or rebates made of taxes or assessments on said Mortgaged Property, and the Beneficiary may at any time collect said return of premiums, repayments, refunds or rebates, notwithstanding that no sum secured hereby be overdue when such right to collection be asserted. The Trustor also agrees to execute its further assignments of any compensation, awards, damages, rebates, return of premiums, repayments, rights of action and proceeds as the Beneficiary or Trustee may require.

If the insurance proceeds are applied to the payment of the sums secured by this Deed of Trust, any such application of proceeds to principal shall not extend or postpone the due dates of scheduled installments or change the amounts of such installments. In the event of a foreclosure of this Deed of Trust or a nonjudicial sale of the Mortgaged Property, the purchaser of the Mortgaged Property shall have all of the right, title and interest of the Beneficiary in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the property prior to such sale or acquisition.

**Section 07. Alteration or Removal of Property.** No building or other property now or hereafter covered by the lien of this Deed of Trust shall be removed, demolished, transferred or materially altered without the prior written consent of the Beneficiary, except as provided in Section 6.1 of the Loan Agreement, provided that Grantor may replace worn out or outmoded equipment in an amount up to \$50,000 per year with equipment of equal or greater value without the approval of Beneficiary.

**Section 08. Proceeds of Condemnation Awards.** Notwithstanding any taking by eminent domain, alteration of the grade of any street or other injury to or decrease in value of the premises by any public or quasi-public authority or corporation, the Trustor shall continue to pay the amounts secured until any such award or payment shall have been actually received by the Trustee for the Bonds and applied to redemption of the Bonds and any reduction in the outstanding principal resulting from the application of such award or payment shall be deemed to take effect only on the date of such redemption of the Bonds. If, prior to the receipt of such award or payment, the premises shall have been sold on foreclosure including a sale under a power of sale by this Deed of Trust, the Beneficiary shall have the right to receive said award or a payment to the extent of any deficiency found to be due upon such sale, with legal interest thereon, whether or not a deficiency judgment on this Deed of Trust shall have been sought or recovered or denied, and of the reasonable counsel fees, costs and disbursements incurred by the Beneficiary in connection with the collection of such award or payment.

**Section 09. Environmental Matters.**

(a) Trustor warrants that it has not placed or brought onto the Land, nor permitted to be placed or brought onto the Land, hazardous substances (as defined by Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601(14)) or materials (including without limitation petroleum products) the removal of which is required or the maintenance of which is prohibited or penalized by any applicable local, state or federal law, ordinance, rule, regulation or requirement and, to the best of Trustor's knowledge, the Land is free of all such hazardous substances and materials provided, however, that petroleum products may be kept on the Land if properly stored in accordance with all applicable federal, state and local laws and regulations. Trustor shall not permit any such hazardous substances or materials to be on the Land and, if found located thereon, shall cause the same to be immediately removed.

(b) Trustor acknowledges that it is responsible for compliance with all local, state and federal environmental laws, ordinances, rules, regulations and requirements (collectively, "Environmental Laws"). In the event that Trustor does not expeditiously proceed with any compliance required by any local, state or federal authority under the applicable Environmental Laws, Beneficiary, immediately after notice to Trustor, may elect to undertake such compliance. Any costs of complying with applicable Environmental Laws (including the costs of hiring consultants, undertaking sampling and testing, performing any cleanup necessary or useful in the compliance process and attorneys' fees) shall be secured by this Deed of Trust and be due and payable on demand with interest thereon at a rate per annum equal to the Default Rate from the date such cost is incurred. There shall be unlimited recourse to Trustor to the extent of any liability incurred by Beneficiary or its

assignee with respect to any breaches of the provisions of this Deed of Trust pertaining to environmental matters and with respect to the indemnification in Section 09(c).

(c) Trustor shall indemnify and defend and hold Beneficiary, State Treasurer and their assignee harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims) the Beneficiary, the State Treasurer or their assignee may incur, directly or indirectly, as a result of or in connection with the assertion against Beneficiary, the State Treasurer or their assignee of any claim relating to the presence or removal of any hazardous substance or other regulated material, or compliance or non-compliance with any applicable Environmental Laws, whether before, during or after the term of this Deed of Trust, including claims relating to personal injury or damage to personal property.

**Section 10. Right of Entry.** The Beneficiary, its assignee and any persons authorized by the Trustor shall have the right to enter and inspect the Premises at all reasonable times and upon reasonable notice; and if, at any time after default by the Trustor in the performance of any of the terms, covenants or provisions of this Deed of Trust, the Loan Agreement and Indenture, the management or maintenance of the Premises shall be determined by the Beneficiary to be unsatisfactory, the Trustor shall employ, for the duration of such default, as managing agent of the premises, any person from time to time designated by the Beneficiary, or the State Treasurer.

**Section 11. Nonwaiver.** Any failure by the Beneficiary or its assignee to insist upon the strict performance by the Trustor of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof, and the Beneficiary or its assignee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the Trustor of any and all of the terms and provisions of this Deed of Trust to be performed by the Trustor. Neither the Trustor nor any other person now or hereafter obligated for the payment of the whole or any part of the sums now or hereafter secured by this Deed of Trust shall be relieved of such obligation by reason of the failure of the Beneficiary, the State Treasurer or their assignee to comply with any request of the Trustor or of any other person so obligated to take action to foreclose this Deed of Trust or otherwise enforce any of the provisions of this Deed of Trust or of any obligations secured by this Deed of Trust, or by reason of the release, regardless of consideration, of the whole or any part of the security held for the indebtedness secured by this Deed of Trust, or by reason of any agreement or stipulation between any subsequent owner or owners of the Premises and the Beneficiary, with consent of State Treasurer, extending the time of payment or modifying the terms of the Loan Agreement, or this Deed of Trust without first having obtained the consent of the Trustor or such other person, and in the latter event, the Trustor and all such other persons shall continue liable to make such payments according to the terms of any such agreement of extension or modification unless expressly released and discharged in writing by the Beneficiary, with consent of State Treasurer.

**Section 12. Time is of the Essence.** Time is of the essence hereof in connection with all obligations of the Trustor herein and in the Loan Agreement. By accepting payment of any obligation secured by this Deed of Trust after its due date, the Beneficiary does not waive its right either to require prompt payment when due of all other obligations so secured or to declare default for failure so to pay.

**Section 13. Plats, Easements, Reconveyances and Other Agreements.** The Trustee may, at any time upon written request of the Beneficiary, and upon payment of its fees and presentation of this Deed of Trust for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of any obligations secured by this Deed of Trust:

- (a) consent to the making of any map or plat of the Premises;
- (b) join in granting any easement or creating any restriction on the Premises;
- (c) join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; and
- (d) reconvey, without warranty, all or any part of the Premises. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof of the truthfulness thereof. The Trustor agrees to pay a reasonable Trustee's fee for full or partial reconveyance, together with a recording fee if the Trustee, at its option, elects to record said reconveyance.

**Section 14. Sale of Premises Pursuant to a Foreclosure.** In case of a sale pursuant to a foreclosure of this Deed of Trust, the said Premises, real, personal or mixed, may be sold as an entirety or in parcels, by one sale or by several sales held at one time or at different times, all as Trustee, with consent of State Treasurer, may elect, and the Trustor for and on behalf of itself and all persons claiming by, through or under it, waives any and all right to have the property and estates comprising the Premises marshalled upon any foreclosure sale and agrees that upon foreclosure the Premises may be sold as an entirety and not in parcels.

**Section 15. Appointment of Receiver.** The holder of this Deed of Trust, in any action to foreclose it, shall be entitled (without notice and without regard to the adequacy of any security for said debt) to the appointment of a receiver of the rents, issues and profits of the Premises and such receiver shall have, in addition to all the rights and powers customarily given to and exercised by such receiver, all the rights and powers granted to the Beneficiary by the covenants contained in Section 16 hereof.

**Section 16. Assignment of Rents and Profits Under All Leases and Rental Agreements.** The Trustor absolutely and irrevocably assigns to the Beneficiary the rents, issues and profits of the Mortgaged Property and the right, title and interest of the Trustor in and under all leases now or hereafter affecting the Premises are hereby assigned and transferred to the Beneficiary. **THE ASSIGNMENT OF THE RENTS MADE IN THIS SECTION IS INTENDED TO BE AN ABSOLUTE, PRESENT ASSIGNMENT FROM TRUSTOR TO BENEFICIARY AND NOT MERELY THE PASSING OF A SECURITY INTEREST.** The Trustor will not assign the whole or any part of the rents, income or profits arising from the Premises without the written consent of the Beneficiary, and any attempted assignment without such consent will be null and void. So long as no default shall exist in compliance with any requirement hereof or of any further instrument at any time executed with respect to this Deed of Trust, the Trustor may collect assigned rents and profits as the same fall due, but upon the occurrence of any such default, all rights of the

Trustor to collect or receive rents or profits shall wholly terminate. All rents, issues or profits receivable from or in respect to the Premises which the Trustor shall be permitted to collect hereunder shall be received by it to pay the usual and reasonable operating expenses of, and the taxes upon, the Premises and the sums owing to the Beneficiary as they may become due and payable as provided in this Deed of Trust or in the Loan Agreement or in any modification of any of them.

The Trustor hereby agrees:

(a) it will promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by it, as landlord under any Leases affecting the Mortgaged Property and will do all things necessary to preserve and keep unimpaired its rights thereunder and will maintain any Leases in full force and effect and will enforce the same and will take such action to that end as Beneficiary may request;

(b) except as otherwise provided in the Loan Agreement it will not create, nor permit any lien, charge or encumbrance upon its interest as landlord under any Leases except the lien of this Deed of Trust;

(c) it will promptly cause a copy of each notice, report, demand, request or other document or instrument, received by it from the tenant of any of the Leases to be delivered to Beneficiary in writing, specifying any default claimed to have been made by it as landlord under the provisions of any Lease;

(d) it will not, without written consent of the Beneficiary, collect or permit the collection of any rental payment under any of the Leases for a period of more than one month in advance of the date on which such payment is due;

(e) it will not, without prior written consent of the Beneficiary with respect to any Lease

(i) cancel or terminate, or consent to any cancellation, termination or surrender, or permit any event to occur which would entitle the tenant to terminate or cancel any of the Leases;

(ii) amend or modify any of the Leases;

(iii) waive any default under or breach thereunder; or

(iv) give any consent, waiver or approval which would impair the lessor's interests thereunder;

(f) it will promptly notify the Beneficiary of the occurrence of any default under any of the Leases and will not, without the prior written consent of the Beneficiary, commence any summary proceeding or other action or proceeding

to recover possession of the premises leased, except in the case of default in payment of the rent reserved therein;

(g) it will not, without prior written consent of the Beneficiary, consent to the assignment or mortgaging by the tenant of any of the Leases of the tenant's interest, except in accordance with the provisions of the Leases; and

(h) all Leases shall be submitted to Beneficiary for its prior written approval prior to execution. Any standard lease form to be used by Trustor shall be submitted to Beneficiary its prior written approval.

All Leases of the whole or any part of the Premises shall be subject and subordinate to the lien of this Deed of Trust unless Beneficiary shall otherwise specify. Beneficiary may require that specific Leases be made superior to the lien of this Deed of Trust. Trustor shall pay all costs incident to making such Leases superior to such lien, including attorney's fees. In the event of any default hereunder and the exercise by Beneficiary of its rights hereby granted, Trustor agrees that payments made by tenants or occupants to Beneficiary shall, as to such tenants, be considered as though made to Trustor and in discharge of tenants' obligations as such to Trustor. Nothing herein contained shall be construed as obliging Beneficiary to perform any of the Trustor's covenants under any lease or rental agreement. Trustor shall execute and deliver to Beneficiary upon demand any further or supplemental assignments necessary to effectuate the intentions of this section and upon failure of the Trustor so to comply, Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, in addition to any other rights or remedies, at their option, subject to Idaho Code § 45-1506, declare all obligations secured by this Deed of Trust to be immediately due and payable.

**Section 17. Subrogation.** The Beneficiary shall be subrogated for further security to the lien, although released of record, of any and all encumbrances paid out of the proceeds of the loan secured by this Deed of Trust.

**Section 18. Default, Entry and Possession.** Upon the occurrence of any event of default under this Deed of Trust, the Indenture or the Loan Agreement, the Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, and at any time thereafter, either in person, by agent, or by a receiver to be appointed by a court, and without regard for the adequacy of any security for the obligations secured by this Deed of Trust, enter upon and take possession of the Mortgaged Property or any part thereof, and let the Premises or any part thereof, making therefor such alterations as they find necessary, in their own name sue for or otherwise collect such rents, issues and profits including those past due and unpaid and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any obligations secured by this Deed of Trust in such order as the Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, determine, and terminate in any lawful manner any tenancy or occupancy of the Premises or any part thereof, exercising with respect thereto any right or option available to the Trustor. From and after the occurrence of an event of default under this Deed of Trust or the Loan Agreement, if any person shall occupy the Premises or any part thereof, such person shall pay to the Beneficiary in advance on the first day of each month a reasonable rental for the space so occupied, and upon failure to do so the Beneficiary

shall, with consent of the State Treasurer have the right to remove such occupant from the Premises or any part thereof by any appropriate action or proceeding.

**Section 19. Default, Nonwaiver.** The entering upon and taking possession of the Mortgaged Property, the collection of such rents, issues and profits, the proceeds of fire and other insurance policies or compensation or awards for any taking or damage of the Premises, and the application or release thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

**Section 20. Events of Default; Remedies.**

(a) If any one or more of the following events occur, it is hereby defined as and declared to be an "Event of Default" under this Deed of Trust:

(1) Default in the due and punctual payment of any installment of principal or interest under the Loan Agreement;

(2) The institution of a foreclosure action with respect to the Mortgaged Property or any part thereof;

(3) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Trustor in this Deed of Trust contained and the continuance thereof for a period of 30 days after notice to the Trustor from the Trustee for the Bonds or the Beneficiary; or

(4) An "event of default" (as defined therein) shall occur under the Loan Agreement or the Indenture.

(b) The Trustor agrees that an "Event of Default" hereunder shall constitute an "event of default" (as defined therein) under the Loan Agreement and that an "event of default" (as defined therein) under the Loan Agreement (regardless how or by whom caused) shall constitute an Event of Default hereunder.

(c) If an Event of Default occurs, the Beneficiary or its assignee shall have the following remedies, in addition to any other remedies then provided by law or in equity:

(1) The Beneficiary may, with written consent of the State Treasurer, or shall, at direction of the State Treasurer, by written notice to the Trustor, declare the then outstanding principal of the Loan Agreement to be forthwith due and payable, and upon such declaration the principal, together with interest accrued thereon, shall become due and payable forthwith at the place of payment specified.

(2) In addition, the Beneficiary may, with written consent of the State Treasurer, or shall, at direction of the State Treasurer, proceed to protect and enforce its rights under this Deed of Trust by requesting the Trustee of the Deed of Trust to sell the Mortgaged Property described in Granting Clauses I through VIII

hereof (in the manner hereinafter provided) or by other suit in equity, action at law, or other appropriate proceedings, including actions for the specific performance of any covenant or agreement contained in this Deed of Trust or in the Loan Agreement, or in aid of the exercise of any power granted in this Deed of Trust or in the Loan Agreement, or may proceed in any other manner to enforce the payment of amounts due under the Loan Agreement and any other legal or equitable right of the Beneficiary. The Trustor expressly understands and agrees that on the bringing of any suit to foreclose this Deed of Trust, or to enforce any other remedy of the Beneficiary hereunder, the Beneficiary shall be entitled as a matter of right, without notice and without giving bond to the Trustor, or anyone claiming through, by or under it, and without regard to the value of the Mortgaged Property and/or the adequacy of the Mortgaged Property to have a receiver appointed of all or any part of the Mortgaged Property and of the earnings, income, rents, issues and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer. Such receiver shall have the right to complete construction of the buildings and improvements which the Trustor is obligated to construct under the Loan Agreement, the Trustor hereby confirming that the only way to preserve the value of the time, money, talent, labor and materials invested and incorporated into partially completed buildings and improvements is to complete the same. The Trustor does hereby irrevocably consent to such appointment.

(3) In event of any such default and upon written request of Beneficiary, with consent of the State Treasurer, or upon written request of the State Treasurer, Trustee shall sell the Premises in accordance with the Deed of Trust Act of the State of Idaho, Title 45, Chapter 15, Idaho Code (as existing now or hereafter amended) and the Uniform Commercial Code of the State of Idaho, where applicable. Any person except the Trustee of the Deed of Trust (unless the Trustee of the Deed of Trust is acting as a fiduciary on behalf of the Beneficiary in which case it shall not be excluded) may bid at Trustee's sale. The Trustee of the Deed of Trust shall apply the proceeds of the sale as follows: (1) to the expense of sale, including a reasonable fee of the Trustee of the Deed of Trust and attorney's fee; (2) to all the indebtedness evidenced by the Loan Agreement, the Indemnification and Compensation Agreement, and all other indebtedness secured by this Deed of Trust or any other instrument; (3) the surplus, if any, shall be distributed in accordance with said Deed of Trust Act. Trustee shall deliver to the purchaser at the sale its deed, without warranty, which shall convey to the purchaser the interest in the property which Trustor had or had the power to convey at the time of its execution of this Deed of Trust, and such as it may have acquired thereafter. Trustee's deed shall recite the facts showing that the sale was conducted in compliance with all the requirements of the law and of this Deed of Trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrancers for value. The power of sale conferred by this Deed of Trust and by the Deed of Trust Act of the State of Idaho is not an exclusive remedy and when not exercised, Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, foreclose this Deed of Trust

as a mortgage. At any time Beneficiary may appoint in writing a successor trustee, or discharge and appoint a new trustee in place of any Trustee named herein, and upon the recording of such appointment in the mortgage records of the county in which this Deed of Trust is recorded, the successor trustee shall be vested with all powers of the original Trustee. The Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust or of any action or proceeding in which Trustor, Trustee or Beneficiary shall be a party, unless such action or proceeding is brought by the Trustee.

(4) To the extent permitted by law, the Beneficiary, either by itself or by its agents or attorneys, may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, enter upon and take possession of the Mortgaged Property, or any part or parts thereof, and may exclude the Trustor and its agents and servants wholly therefrom, and having and holding the same, the Beneficiary may use, operate, manage and control the Mortgaged Property or any part thereof, and conduct the business thereof, either personally or by superintendents, managers, agents, servants and attorneys and from time to time, by purchase, repair or construction, may maintain and restore and may insure and keep insured the buildings, structures, improvements, fixtures and other property comprising the Mortgaged Property. The Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, cause construction of the buildings and improvements to be completed and the Beneficiary for such purpose may use all available materials and equipment at the Mortgaged Property and acquire all other necessary materials and equipment and employ contractors and other employees. All sums expended by the Beneficiary for such purpose shall constitute disbursements pursuant to the Loan Agreement (if sums are expended by the Trustee for the Bonds) and shall be secured by this Deed of Trust and shall forthwith be due and payable by the Trustor to the Beneficiary. The authority and agency conferred hereby upon the Beneficiary shall be deemed to create a power coupled with an interest and shall be irrevocable.

(5) In addition, the Beneficiary shall have the remedies of a secured party under the Idaho Uniform Commercial Code or other applicable law.

(6) Subject to the provisions of Idaho Code § 45-1512, Grantor agrees to pay for any deficiency arising from any cause, to which Beneficiary may be entitled after the proceeds of any sale. To the extent the applicable Laws require that the "fair market value" or "fair value" of the Mortgaged Property be determined as of the foreclosure date in order to enforce a deficiency against Grantor or any other party liable for repayment of the Secured Obligations, the term "fair market value" or "fair value" shall include those matters required by applicable Laws and the additional factors set forth below, and Grantor shall pay the costs of any appraisals and other expenses incurred in connection with any such determination of fair market value or fair value. The Mortgaged Property shall be valued "as is" and "with all faults" and there shall be no assumption of restoration or refurbishment of Improvements, if any, after the date of the Foreclosure Sale. An offset to the fair

market value or fair value of the Mortgaged Property, as determined hereunder, shall be made by deducting from such value the reasonable estimated closing costs related to the sale of the Mortgaged Property, including brokerage commissions, title policy expenses, tax prorations, escrow fees, and other common charges that are incurred by the seller of real property.

**Section 22. Limitation on Transfer of Mortgaged Property; Trustor Interest.** The Mortgaged Property shall not be sold, conveyed, vacated, encumbered or transferred in whole or in part by Trustor without the Beneficiary's prior written consent except as provided for in Section 8.2 of the Loan Agreement. If the Mortgaged Property is sold without the Beneficiary's prior written consent pursuant to Section 8.2 of the Loan Agreement, the Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, declare all sums secured hereby, immediately due and payable.

**Section 23. No Usury.** If from any circumstances whatever fulfillment of any provision of this Deed of Trust or the Loan Agreement at the time performance of such provision shall be due shall constitute usury, then the obligation to be fulfilled shall be reduced so as not to constitute usury, so that in no event shall any exaction be possible under this Deed of Trust or under the Loan Agreement that would constitute usury, but such obligation shall be fulfilled to the maximum lawful extent. The provisions of this paragraph shall control every other provision of this Deed of Trust and the Loan Agreement.

**Section 24. Right of Foreclosure.** The Beneficiary shall have the right, with consent of the State Treasurer, or shall, at direction of the State Treasurer, to foreclose this Deed of Trust subject to the rights of any tenant or tenants of the Premises and the failure to make any such tenant or tenants a party defendant to any such suit or action or to foreclose their rights will not be asserted by the Trustor as a defense in any action or suit instituted to collect the obligations secured by this Deed of Trust or any part thereof or any deficiency remaining unpaid after foreclosure and sale of the Premises, any statute or rule of law at any time existing to the contrary notwithstanding.

**Section 25. Duty to Execute Instruments (Further Assurances).** The Trustor, from time to time, within fifteen (15) days after request by Beneficiary, shall execute, acknowledge and deliver to the Beneficiary, such security agreements or other security instruments, in form and substance satisfactory to the Beneficiary, covering all property located on the Mortgaged Property and owned by the Trustor or in which the Trustor has any interest which, in the opinion of the Beneficiary, is essential to the operation of the Mortgaged Property. The Trustor shall further, from time to time, within fifteen (15) days after request by the Beneficiary, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other document as the Beneficiary may request in order to perfect, preserve, continue, extend or maintain the security interest under, or the priority of, this Deed of Trust and the priority of such security agreement or other security instrument as a first lien. However, neither a request so made by the Beneficiary, nor the failure of the Beneficiary to make such request shall be construed as a release of such property, or any part thereof, from the conveyance of title by this Deed of Trust, it being understood and agreed that this covenant and any such security agreement or other security instrument, delivered to the Beneficiary, are cumulative and given as additional security.

**Section 26. Cumulative Remedies.** All of the Beneficiary's rights and remedies herein specified are intended to be cumulative. No requirement whatsoever may be waived at any time except by a writing signed by the Beneficiary and the State Treasurer, nor shall any waiver be operative upon other than a single occasion. This Deed of Trust may only be amended in writing. This Deed of Trust applies to, inures to the benefit of, and is binding not only on the parties hereto, but on their heirs, devisees, legatees, administrators, executors, successors and assigns. The Beneficiary may also accept additional security, either concurrently herewith or hereafter, and sell same or otherwise realize thereon, either before, concurrently with, or after sale hereunder. Any notices to be given to the Trustor by the Beneficiary hereunder shall be deemed given upon mailing thereof to Trustor. Any time period provided in the giving of any notice hereunder shall commence upon mailing thereof to Trustor by the appropriate party. All notices given by Beneficiary, Trustee or Trustor shall be provided to the State Treasurer.

**Section 27. No Notice Required.** The Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. The Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which the Trustor, the Beneficiary or the Trustee shall be a party unless brought by the Trustee.

**Section 28. Appointment of Another Trustee.** The Beneficiary may from time to time, as provided by statute, appoint another Trustee in place and stead of the Trustee herein named, and thereupon, the Trustee herein named shall be discharged and the Trustee so appointed shall be substituted as the Trustee hereunder with the same effect as if originally named the Trustee herein.

any, or all, powers granted herein to the Trustee may be exercised by any of such persons, if the other person or persons is unable, for any reason, to act, and any recital of such inability in any instrument executed by any of such persons shall be conclusive against the Trustor, its successors and assigns.

**Section 30. No Change Without Writing.** No change, amendment, modification, cancellation or discharge hereof shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns. This Deed of Trust can be amended by the Trustee at the written request of the Trustee for the Bonds to accurately reflect the legal description of the Mortgaged Property depicted in the final recorded plat of the Premises, which amendment is contemplated shortly after recording of this Deed of Trust and which shall not require the consent of Bondholders. Further, the Trustee shall at the written request of the Trustee for the Bonds amend Exhibit A to this Deed of Trust to amend the legal description of the Land if and when the Trustor satisfies the conditions of Section 4.2 of the Agreement and acquires the parcel adjacent to 2280 East 17th Street, Idaho Falls, Idaho 83404.

**Section 31. Conflict with Loan Agreement or Indenture.** If any provision of this Deed of Trust conflicts with or is supplemented by any provision of the Loan Agreement or the Indenture, the provision of the Loan Agreement or the Indenture shall control.

**Section 32. Acceptance of Affidavit.** The Trustee, upon presentation to it of an affidavit signed by the Beneficiary setting forth facts showing a default by the Trustor hereunder, is authorized to



accept as true and conclusive all facts and statements therein and to act thereon under this Deed of Trust.

**Section 33. Notices.** The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to it at its address set forth in the Loan Agreement.

**Section 34. Expenses.** Trustor agrees to pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by the Beneficiary, the State Treasurer or their assignees in enforcing or attempting to enforce this Deed of Trust following any Event of Default whether the same shall be enforced by suit or otherwise.

**Section 35. Governing Law.** This Deed of Trust is to be governed by and construed in accordance with the laws of the State of Idaho.

**Section 36. Severability.** If any provision of this Deed of Trust, or its application to any person or circumstance, is held invalid, the other provisions hereof, or the application of the provision to other persons or circumstances, shall not be affected.

**Section 37. Miscellaneous.** All obligations of Trustor hereunder are joint and several. Without affecting the liability of any other person for the payment of any obligation herein mentioned and without affecting the lien hereof upon any portion of the Premises not released, Beneficiary may, with consent of the State Treasurer, or shall, at direction of the State Treasurer, without notice, release any person so liable, extend the maturity or modify the terms of any such obligation, or grant other indulgences, release or reconvey or cause to be released or reconveyed at any time all or part of the said Premises described herein, take or release any other security or make compositions or other arrangements with debtors. This Deed of Trust shall be so construed that wherever applicable, the use of the singular number shall include the plural number, the use of the plural number shall include the singular number, the use of any gender shall be applicable to all genders and shall likewise be so construed as applicable to and including a corporation.

**Section 38. Idaho Statutory Waiver.** UNDER IDAHO LAW, A PROMISE OR COMMITMENT TO LEND MONEY OR TO GRANT OR EXTEND CREDIT IN AN ORIGINAL PRINCIPAL AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000.00) OR MORE, MADE BY A PERSON OR ENTITY ENGAGED IN THE BUSINESS OF LENDING MONEY OR EXTENDING CREDIT, IS A "COVERED TRANSACTION" AND MUST BE IN WRITING AND MUST BE SIGNED BY THE PARTY CHARGED TO BE VALID. SINCE THIS LOAN IS FOR AN AMOUNT OF FIFTY THOUSAND DOLLARS (\$50,000.00) OR MORE, IT IS A "COVERED TRANSACTION" AND ANY AGREEMENT CONCERNING THIS LOAN, INCLUDING BUT NOT LIMITED TO ANY MODIFICATION, WAIVER, EXTENSION, DISCHARGE OR TERMINATION, MUST BE IN WRITING TO BE VALID.

**Section 39. No Merger.** Should Trustee or Beneficiary acquire title to the Mortgaged Property by conveyance from Trustor or as a result of foreclosure, this Deed of Trust shall not merge in the fee estate of the Mortgaged Property but shall remain and continue as an existing and enforceable lien for the Obligations secured hereby until the same shall be reconveyed of record by Trustee in writing.

IN WITNESS WHEREOF, ALTURAS PREPARATORY ACADEMY, INC., an Idaho nonprofit corporation has caused this Deed of Trust to be duly executed as of the day and year first written above.

**ALTURAS PREPARATORY ACADEMY, INC.,** as Borrower

By: \_\_\_\_\_  
Brian Bingham, Principal

STATE OF IDAHO )  
 ) ss.  
County of Bonneville )

On this \_\_\_\_ day of October, 2024, before me, the undersigned Notary Public, personally appeared BRIAN BINGHAM, known to me to be the Principal of ALTURAS PREPARATORY ACADEMY, INC., who executed the corporation name to the within instrument for the purposes therein contained, and acknowledged to me that they executed this instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

( S E A L )

\_\_\_\_\_  
NOTARY PUBLIC for Idaho  
Residing at \_\_\_\_\_, therein.  
My Commission Expires: \_\_\_\_\_

REQUEST FOR RECONVEYANCE

TO TRUSTEE:

The undersigned is the lender under the Loan Agreement secured by this Deed of Trust. The Loan under said Loan Agreement together with all other indebtedness secured by this Deed of Trust, has been paid in full. You are hereby directed to cancel this Deed of Trust, which is delivered hereby, and to reconvey, without warranty, all the estate now held by you under this Deed of Trust to the person or persons legally entitled thereto.

DATE: \_\_\_\_\_

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**EXHIBIT "A"**

LEGAL DESCRIPTION

**EXHIBIT “B”**

**“Permitted Encumbrances”** means (i) utility, access and other easements and rights-of-way, restrictions and exceptions that in the opinion of independent counsel will not materially impair the utility or value of the property affected thereby for the purposes for which it is intended, (ii) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar liens which are being appropriately contested in good faith by the Trustor, and as to which adequate reserves have been placed with the Trustee for the Bonds in the amounts acceptable to said trustee, (iii) liens for taxes at the time not delinquent, (iv) such easements and rights-of-way as normally exist with respect to properties similar in character to the Land and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustor, (v) the lien of the Indenture and the Deed of Trust, (vi) first liens existing on the date hereof on the Personal Property described in subparagraph (b) of Granting Clause VI of this Deed of Trust, and (vii) any items contained on the title policy delivered in connection with this Deed of Trust.

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**APPENDIX F**

**FORM OF BOND COUNSEL OPINION**

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**APPENDIX F**  
**FORM OF BOND COUNSEL OPINION**

\_\_\_\_\_, 2024

Idaho Housing and Finance Association  
Boise, Idaho

RE: Idaho Housing and Finance Association, \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) and \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Idaho Housing and Finance Association (the “Issuer”), of its (i) \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the “Series 2024A Bonds”); and (ii) \$ \_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds” and together with the Series 2024A Bonds, collectively the “Series 2024 Bonds”). The Series 2024 Bonds are being issued pursuant to Resolution No. 24-9-2 of the Issuer adopted on September 20, 2024 (the “Resolution”), and a Trust Indenture dated as of November 1, 2024 (the “Indenture”), between the Issuer and Zions Bancorporation, National Association, as trustee (herein the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection with the issuance of the Series 2024 Bonds, we have reviewed the (i) Indenture, (ii) the Resolution, (iii) the Loan Agreement dated as of November 1, 2024 (the “Loan Agreement”), between the Issuer and Alturas Preparatory Academy, Inc. (the “Borrower”), (iv) the Tax Certificate and Agreement of the Issuer and the Borrower dated the date hereof (the “Tax Certificate”), (v) closing certificates of the Issuer, the Borrower, the Trustee, and others, and (vi) such other documents, opinions (including the opinion of Borrower’s counsel), and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2024 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Skinner Fawcett LLP.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have not undertaken to verify independently, and have assumed and relied upon, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in any opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture, the Loan Agreement, and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Series 2024A Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2024 Bonds, the Indenture, the Loan Agreement, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate

cases and to the limitations on legal remedies. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering material relating to the Series 2024 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Issuer is an independent public body corporate and politic, duly organized and validly existing under the laws of the State of Idaho, and has lawful authority to issue the Series 2024 Bonds.
2. The Indenture and the Loan Agreement have been duly executed and delivered by, and are valid, binding, and enforceable obligations of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Series 2024 Bonds, of the Pledged Revenues and any other amounts (including proceeds of the sale of the Series 2024 Bonds) held by the Trustee in any fund or account established pursuant to the Indenture (other than the Rebate Fund) and of the rights and interests of the Issuer and/or Trustee in and to the Loan Agreement and the Deed of Trust, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Series 2024 Bonds constitute valid and binding limited, special obligations of the Issuer, payable solely from the Pledged Revenues and other assets pledged therefor under the Indenture.
4. Interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and interest on the Series 2024A Bonds is exempt from State of Idaho income taxes. Interest on the Series 2024A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, however, interest on the Series 2024A Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. We express no opinion regarding other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series 2024A Bonds.
5. Interest on the Series 2024B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, but is exempt from State of Idaho income tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or accrual or receipt of interest on, the Series 2024B Bonds.

We call your attention to the fact that the Series 2024 Bonds are payable only out of the payments to be made by the Borrower pursuant to the Loan Agreement, and certain other security available therefor under the Deed of Trust and the Public Charter School Facilities Program established in Idaho Code, Section 33-5218, although we express no opinion on such statutory provision, and that the Series 2024 Bonds do not constitute a debt or liability of, and do not pledge the credit or taxing power of, the Issuer, the State of Idaho or any other political subdivision of the State of Idaho. The Issuer has no taxing power.

Very truly yours,



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**APPENDIX G**

**FORM OF BORROWER CONTINUING DISCLOSURE  
AGREEMENT**

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**APPENDIX G**

**FORM OF BORROWER CONTINUING DISCLOSURE AGREEMENT**

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**CONTINUING DISCLOSURE AGREEMENT**

**between**

**ALTURAS PREPARATORY ACADEMY, INC.,  
as Borrower,**

**AND**

**ZIONS BANCORPORATION, NATIONAL ASSOCIATION,  
as Dissemination Agent**

**Dated as of November 1, 2024**

**Relating to:**

**\$ \_\_\_\_\_  
Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)**

**\$ \_\_\_\_\_  
Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024B (Credit Enhancement)  
(Federally Taxable)**

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This instrument drafted by:  
Ballard Spahr LLP (BWJ)  
2000 IDS Center  
80 S. Eighth Street  
Minneapolis, Minnesota 55402

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of November 1, 2024, is executed and delivered by Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation (the “Borrower”), and Zions Bancorporation, National Association, as dissemination agent (the “Dissemination Agent”), in connection with the issuance by the Idaho Housing and Finance Association (the Issuer”), an independent public body corporate and politic, duly created and existing under the laws of the State of Idaho, of its (i) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) (the “Series 2024A Bonds”), in the original aggregate principal amount of \$\_\_\_\_\_, and (ii) Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Series 2024 Bonds”), in the original aggregate principal amount of \$\_\_\_\_\_. The Series 2024 Bonds are being issued pursuant to a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), by and between the Issuer and Zions Bancorporation, National Association, as trustee (the “Trustee”). The proceeds of the Series 2024 Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2024 (the “Loan Agreement”). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

**Section 1. Purpose of Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Beneficial Owners of the Series 2024 Bonds (for such purpose beneficial owners of the Series 2024 Bonds shall also be considered Beneficial Owners of the Series 2024 Bonds) and to assist Raymond James & Associates, Inc., Minneapolis, Minnesota (the “Participating Underwriter”), in complying with the Rule.

**Section 2. Defined Terms.** Any capitalized terms not defined herein shall have the meanings given to such terms in the Indenture.

“*Annual Report*” means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to Section 3(a)(1) of this Disclosure Agreement.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

“*Business Day*” has the same meaning as defined in the Indenture.

“*Borrower*” means Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation, its successors and assigns.

“*Borrower’s Audited Financial Statements*” means the Borrower’s annual financial statements, prepared in accordance with GAAP.

“*Borrower’s Disclosure Representative*” means the Principal of the Borrower or his or her designee or such other person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“*Borrower’s Fiscal Year*” means the fiscal year of the Borrower.

“*Dissemination Agent*” means Zions Bancorporation, National Association, as dissemination agent under this Disclosure Agreement, its successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule and any successor portal identified by the MSRB.

“*Events Notices*” means the notices required to be given by the Borrower pursuant to Section 5 of this Disclosure Agreement.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Indenture*” means the Trust Indenture, dated as of November 1, 2024, between the Issuer and the Trustee, as the same may be amended or supplemented from time to time.

“*Issuer*” means the Idaho Housing and Finance Association, an independent public body corporate and politic, duly created and existing under the laws of the State of Idaho, its successors and assigns.

“*Listed Events*” means any of the events listed in Section 5 of this Disclosure Agreement.

“*Loan Agreement*” means the Loan Agreement, dated as of November 1, 2024, between the Issuer and the Borrower, as the same may be amended or supplemented from time to time.

“*MSRB*” means the Municipal Securities Rulemaking Board, its successors and assigns.

“*Official Statement*” means the Official Statement, dated \_\_\_\_\_, 2024, relating to the Series 2024 Bonds.

“*Operations Report*” means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to Section 3(a)(3) of this Disclosure Agreement.

“*Participating Underwriter*” means Raymond James & Associates, Inc., as original purchaser of the Series 2024 Bonds, its successors and assigns.

“*Quarterly Report*” means the financial information and operating data required to be transferred by the Borrower to the Dissemination Agent pursuant to Section 3(a)(2) of this Disclosure Agreement.

“*Repository*” means EMMA.

“*Rule*” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“*SEC*” means the Securities and Exchange Commission, its successors and assigns.

“*Series 2024 Bonds*” means the Series 2024A Bonds and the Series 2024B Bonds.

“*Series 2024A Bonds*” means the Issuer’s Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement), in the original aggregate principal amount of \$\_\_\_\_\_.

“*Series 2024B Bonds*” means the Issuer’s Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable), in the original aggregate principal amount of \$\_\_\_\_\_.

“*Trustee*” means Zions Bancorporation, National Association, its successors and assigns.

### **Section 3. Provision of Annual Reports, Quarterly Reports, and Operations Reports.**

(a) (1) *Annual Reports.* No later than December 31 of each year, commencing December 31, 2025 for the fiscal year ended June 30, 2025, the Borrower shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted

as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Borrower's Audited Financial Statements may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the Borrower's Audited Financial Statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Borrower may change its current fiscal year, but must notify the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(2) *Quarterly Reports.* On or before thirty (30) days after the end of each fiscal quarter (each a "Quarterly Submission Date"), commencing with the quarter ending December 31, 2024, the Borrower shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, certain financial information relating to the Borrower as specified in Section 4(b) hereof (the "Quarterly Reports"). The Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(3) *Operations Reports.* Within thirty (30) days of its receipt or completion, the Borrower shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, the following information, together with written instructions to the Dissemination Agent to file such information with the Repository:

(i) a copy of the Borrower's adopted annual budget for the present Fiscal Year no later than August 10 of each year, commencing with the 2026 Fiscal Year budget; and

(ii) any notice or report with respect to charter compliance that would allow the Idaho Public Charter School Commission, as the Borrower's "Authorized Chartering Entity" to begin any process or proceedings toward charter revocation.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the "Disclosure Reports"), the Borrower shall provide each Disclosure Report to the Dissemination Agent. The Dissemination Agent shall, at the Borrower's cost, transmit the information contained in the Disclosure Reports in accordance with the requirements of Section 6 hereof.

(c) If the Borrower does not provide to the Dissemination Agent a copy of an Annual Report or Quarterly Report by the applicable dates required in Section 3(a) above, the Dissemination Agent shall send a notice to the Borrower, the Repository, and the Participating Underwriter, in substantially the form attached as EXHIBIT B. In the event that the Borrower files the Disclosure Reports directly with the Repository on or before the dates required in Section 3(a) above, the Borrower shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of the Repository; and

(ii) provided the Annual Report has been provided to the Dissemination Agent by the Borrower, file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee, certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the Repository.

#### **Section 4. Content of Annual Reports and Quarterly Reports.**

(a) *Annual Reports.* The Annual Report shall contain or include by reference the Borrower's Audited Financial Statements for its prior fiscal year, prepared in accordance with GAAP as promulgated from time to time. If the Borrower's Audited Financial Statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain financial statements that have not been reviewed in a format similar to the Borrower's Audited Financial Statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

To the extent not included in the audited financial statements of the Borrower, the Annual Report shall also include a certificate substantially in the form attached hereto as EXHIBIT A that provides certain data of the Borrower, demonstrates the Borrower's compliance with certain operating covenants contained in the Loan Agreement, and provides updates to the information in the Official Statement found in certain APPENDIX A table(s) specifically enumerated on EXHIBIT A attached hereto. By providing the certificates for Annual Reports to the Dissemination Agent, such certificates constitute the Borrower's written direction to the Dissemination Agent to file such Annual Report with the Repository. If reporting requirements change with respect to any of the reportable categories/tables set forth in the certificate form in EXHIBIT A hereto, then the Borrower shall be allowed to make corresponding adjustments in the format/information reported in such tables to comply with the changes.

(b) *Quarterly Reports.* The Quarterly Report shall contain unaudited financial statements of the Borrower for such fiscal quarter consisting of at least statements of financial position (balance sheets and income statements) as of the end of such quarter and statements of activities for such fiscal quarter and year to date, each prepared in accordance with GAAP, as in effect from time to time (subject to year-end adjustments and except such financial statements may omit footnotes that would be required by GAAP), consistently applied, or, if and to the extent such financial statements have not been prepared in accordance with such GAAP beyond the reasonable control of the Borrower, noting the discrepancies therefrom and the effect thereof. The Borrower shall also include a certificate substantially in the form attached hereto as EXHIBIT C (which constitutes the Borrower's written direction to the Dissemination Agent to file such Quarterly Report with the Repository).

(c) Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Borrower is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

**Section 5. Material Events.** The Borrower agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days, (i) to the Participating Underwriter, and (ii) to the Repository or to any other filing system approved by the SEC, notice (an "Events Notice") of the occurrence of any of the following events (the "Listed Events") with respect to the Series 2024 Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (g) Modifications to rights of security holders, if material;

- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution, or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Each Events Notice shall be so captioned and shall prominently state the date, title and (to the extent less than all of the Series 2024 Bonds are affected by the related material event) CUSIP numbers of the affected Series 2024 Bonds. The Borrower may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above.

**Section 6. EMMA.** The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Dissemination Agent shall make all filings required under this Disclosure Agreement to be filed with the Repository solely with EMMA.

**Section 7. Dissemination Agent.** The Borrower has engaged the Dissemination Agent to assist the Borrower in disseminating information hereunder. The Borrower shall send all Disclosure Reports required by Section 3 hereof, and Event Notices required by Section 5 hereof, to the Dissemination Agent or shall certify in writing to the Dissemination Agent that they have submitted the required Disclosure Reports or Event Notices to the Repository. The Dissemination Agent shall, within five (5) Business Days of receipt of such Disclosure Report and within two (2) Business Days receipt of an Events Notice accompanied by written direction from the Borrower to file such information with the Repository, forward such information to (i) the Repository and/or the MSRB or any other filing system the Borrower notifies the Dissemination Agent in writing has been approved by the SEC, as appropriate; (ii) the Issuer; (iii) the Participating Underwriter; and (iv) any Registered or Beneficial Owner of the Series 2024 Bonds identified in writing by the Participating Underwriter. The Borrower agrees to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2024 Bonds. The Borrower may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. Provided that the Borrower has named a successor Dissemination Agent by the effective date of resignation, the Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the Borrower. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials and shall not be responsible in any manner for the content of the Events Notice or Disclosure Reports.

**Section 8. Termination of Obligations.** Pursuant to paragraph (b)(5)(iii) of the Rule, the Borrower's obligation to provide the Disclosure Reports and any Events Notices, as set forth in this Disclosure Agreement, shall



terminate as to the Borrower if and when the Borrower no longer remains an obligated person with respect to the Series 2024 Bonds, which shall occur upon either payment of the Series 2024 Bonds in full or the legal defeasance of the Series 2024 Bonds in accordance with the Indenture.

**Section 9. Enforceability and Remedies.** This Disclosure Agreement is intended to be for the sole benefit of the Beneficial Owners of the Series 2024 Bonds (for such purpose beneficial owners of the Series 2024 Bonds shall also be considered Beneficial Owners of the Series 2024 Bonds), the Issuer, and the Participating Underwriter and shall create no rights in any other person or entity.

This Disclosure Agreement shall be enforceable by or on behalf of any such Beneficial Owner of the Series 2024 Bonds, provided that the right of any Beneficial Owner to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Beneficial Owners representing at least 25% of the aggregate outstanding principal amount of the Series 2024 Bonds. The parties hereto acknowledge that this Disclosure Agreement is also enforceable on behalf of the Beneficial Owners of the Series 2024 Bonds by the Trustee, and the Trustee may, and upon the written direction of the Beneficial Owners of not less than 25% of the aggregate outstanding principal amount of the Series 2024 Bonds shall proceed to protect and enforce the rights of the Beneficial Owners of the Series 2024 Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the indemnification and other provisions of the Indenture with regard to any actions. Any failure by the Borrower to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Loan Agreement or the Indenture.

The Beneficial Owners' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Borrower to perform the Borrower's obligations under this Disclosure Agreement, and the Borrower, its directors, officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 9 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Indenture.

**Section 10. Amendment.** Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Borrower and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the agreements herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

The Borrower shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial annual financial or operating information provided by the Borrower after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

**Section 11. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

**Section 12. Governing Law.** This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

**Section 13. Severability.** If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

**Section 14. Other Instruments.** The Borrower and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

**Section 15. Captions, Titles, and Headings.** The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

**Section 16. Entire Agreement.** This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

**Section 17. Duties and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any information, Disclosure Reports or Event Notice provided to them by the Borrower or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Holders or any other party. The Dissemination Agent shall have no responsibility for a failure of the Borrower to report a Listed Event to the Dissemination Agent or for the failure of the Borrower to submit a complete Disclosure Report to the Repository. The Dissemination Agent is not responsible for ensuring the compliance with any rule or regulation of the Borrower or the Participating Underwriter in connection with the filing of information herein but is merely responsible for the filing of any such information provided to the Dissemination Agent herein. Except in its role as Trustee under the Indenture, the Dissemination Agent shall have no power or authority to enforce performance of the Borrower's duties and obligations thereunder and shall not be required to take any action to cause the Borrower to comply with its obligations hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower apart from the relationship created by this Disclosure Agreement shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Borrower. Nothing in this Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Borrower for response.

**Section 18. Dissemination Agent Compensation.** The Borrower shall pay to or reimburse the Dissemination Agent for its reasonable fees and expenses for the Dissemination Agent's services (including attorneys' fees) rendered in accordance with this Disclosure Agreement.

**Section 19. Indemnification of Dissemination Agent.** In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the Borrower shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Disclosure Agreement and in the enforcement of its indemnification rights hereunder; provided that the Borrower shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

**Section 20. Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower: Alturas Preparatory Academy, Inc.  
2280 East 17<sup>th</sup> Street  
Idaho Falls, Idaho 83404  
Attn: Executive Director

To the Dissemination Agent: Zions Bancorporation, National Association  
800 West Main Street, Suite 700  
Boise, Idaho 83202  
Attn: Global Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. All notices, approvals, consents, requests, and any communications to the Dissemination Agent hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign, or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Dissemination Agent to comply with the E-SIGN ACT of 2000, or other applicable law shall be deemed original signatures for all purposes. If the Borrower chooses to use electronic signatures to sign documents delivered to the Dissemination Agent, the Borrower agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Dissemination Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Dissemination Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Dissemination Agent in lieu of, or in addition to, any document signed via electronic signature.

**Section 21. Electronic Signatures.** The parties agree that the electronic signature of a party to this Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Disclosure Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) in English and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message, then such signature is a valid and binding signature of the authorized representative of such party.

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**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Dissemination Agent**

By: \_\_\_\_\_  
Its: Authorized Officer

(Signature page to the Continuing Disclosure Agreement re Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project)  
Series 2024 (Credit Enhanced))

**ALTURAS PREPARATORY ACADEMY, INC., as  
Borrower**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: Executive Director

(Signature page to the Continuing Disclosure Agreement re Idaho Housing and Finance Association  
Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project)  
Series 2024 (Credit Enhanced))

**EXHIBIT A**

**FORM OF CERTIFICATE FOR ANNUAL FILING  
OF CERTAIN BORROWER OPERATING COVENANTS**

Name of Issuer: Idaho Housing and Finance Association

Name of Bond Issue: Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)  
Series 2024B (Credit Enhancement) (Federally Taxable)

Dissemination Agent: Zions Bancorporation, National Association

Name of Borrower: Alturas Preparatory Academy, Inc.

Date of Issuance: November \_\_, 2024

NOTICE IS HEREBY GIVEN that the Borrower is providing to the Dissemination Agent the following operational information as required under Section 4(a) of the Continuing Disclosure Agreement, dated as of November 1, 2024 (the “Disclosure Agreement”), between the Dissemination Agent and the Borrower. The Disclosure Agreement requires that the Borrower provide this information to the Dissemination Agent by December 31 of each year. Defined terms used in this certificate and not defined herein shall have the meanings granted to such terms in the Trust Indenture, dated as of November 1, 2024 (the “Indenture”), between the Issuer and the Dissemination Agent, as trustee. The information contained below is unaudited but is derived from the annual audited financial statements of the Borrower.

1. As of June 30, 20\_\_, the Borrower’s:
  - (a) Cash on Hand was equal to \$\_\_\_\_\_.
  - (b) Days Cash on Hand was \_\_\_ days (Cash on Hand in the amount of \$\_\_\_\_\_, divided by the quotient of Operating Expenses of \$\_\_\_\_\_ for the fiscal year ended June 30, divided by 365).
  - (c) The amount of Cash on Hand required to comply with the Loan Agreement for current fiscal year is \$\_\_\_\_\_ (equal to at least 90 Days Cash on Hand) and, based on the information set forth in (c) above, the Borrower [is/is not] in compliance with such covenant. (Beginning the end of fiscal year 2025).
  - (d) The Borrower’s Debt Service Coverage Ratio, including Principal and Interest Requirements on all Long-Term Indebtedness of the Borrower for fiscal year 20\_\_ was \_\_\_\_\_. (Beginning the fiscal year 2025.)
  - (e) The amount maintained by the Borrower in its Repair and Replacement Fund is \$\_\_\_\_\_ as of June 30, 20\_\_ and such amount [complies][does not comply] with the requirements of Section 8.15 of the Loan Agreement.

2. The following tables in APPENDIX A to the Official Statement are to be updated. The Borrower may change the listed tables if they change operation reports or consolidate or make reporting changes in the future:

- A. Table titled “Historical and Current Enrollment – Alturas Preparatory Academy”;
- B. Table titled “Future Enrollment Projections at Alturas Preparatory Academy”;
- C. Table titled “Waitlist by Grade at Alturas Preparatory Academy”;
- D. Table titled “ISAT ELA – Language Reading Results – Percentage of Students Scoring Advanced/Proficient (At/Above Grade Level)”; [IF NO TEST RESULTS REPORTED BY THE STATE THEN INDICATE SUCH]
- E. Table titled “ISAT Math Results – Percentage of Students Scoring Advanced/Proficient (At/Above Grade Level)”; [IF NO TEST RESULTS REPORTED BY THE STATE THEN INDICATE SUCH]

- F. Table titled “ISAT Science Results – Percentage of Students Scoring Advanced/Proficient (At/Above Grade Level)”; [IF NO TEST RESULTS REPORTED BY THE STATE THEN INDICATE SUCH]
- G. Table titled “Graduation Rate.

This certificate is being provided by the Borrower to the Dissemination Agent [by][after] December 31.

The undersigned certifies that the audited financial statements and this certificate comply with the requirements of Section 4(a) of the Disclosure Agreement.

Dated: \_\_\_\_\_

**ALTURAS PREPARATORY ACADEMY, INC.,** as  
Borrower

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT B**

**NOTICE TO REPOSITORIES BY BORROWER OF FAILURE TO  
FILE ANNUAL OR QUARTERLY REPORT**

Name of Issuer: Idaho Housing and Finance Association

Name of Bond Issue: Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)  
Series 2024B (Credit Enhancement) (Federally Taxable)

Dissemination Agent: Zions Bancorporation, National Association

Name of Borrower: Alturas Preparatory Academy, Inc.

Date of Issuance: November \_\_, 2024

NOTICE IS HEREBY GIVEN that the Borrower has not provided an [Annual Report] [Quarterly Report] with respect to the above-named Series 2024 Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2024, between the undersigned Dissemination Agent and the Borrower. The Borrower anticipates that the [Annual Report] [Quarterly Report] will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION,**  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Signatory

cc: Alturas Preparatory Academy, Inc.  
Raymond James & Associates, Inc.  
Idaho Housing and Finance Association



**EXHIBIT C**

**QUARTERLY REPORT CERTIFICATE**

Name of Issuer: Idaho Housing and Finance Association

Name of Bond Issue: Nonprofit Facilities Revenue Bonds  
(Alturas Preparatory Academy Project)  
Series 2024A (Credit Enhancement)  
Series 2024B (Credit Enhancement) (Federally Taxable)

Dissemination Agent: Zions Bancorporation, National Association

Name of Borrower: Alturas Preparatory Academy, Inc.

Date of Issuance: November \_\_\_\_, 2024

Pursuant to the Continuing Disclosure Agreement, dated as of November 1, 2024, between the Borrower and the Dissemination Agent, the undersigned representative of the Borrower does hereby certify that the enclosed unaudited financial statements of the Borrower for the quarter ended \_\_\_\_\_, 20\_\_, complies with the requirements of Section 3(a)(2) of the Continuing Disclosure Agreement.

**ALTURAS PREPARATORY ACADEMY, INC.,** as  
Borrower

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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**APPENDIX H**

**BOOK-ENTRY ONLY SYSTEM**

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## APPENDIX H

### BOOK-ENTRY ONLY SYSTEM

*The information in this APPENDIX H concerning DTC and DTC's book-entry-only system has been obtained from DTC. The Issuer, the Borrower, the Trustee and the Underwriter assumes no responsibility for the accuracy thereof.*

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate in typewritten form will be issued for each stated maturity of the Series 2024 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2024 BONDS, REFERENCES HEREIN TO BONDHOLDERS OR OWNERS OF THE SERIES 2024 BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" IN THIS OFFICIAL STATEMENT) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.8 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Series 2024 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borrower as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Borrower on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Borrower, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borrower, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by providing reasonable notice. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository); in that event, the Bond certificates will be printed and delivered to the Participants for delivery to the Beneficial Owners. The information in this section concerning DTC and DTC's book entry system has been obtained from sources believed to be reliable, but neither the Issuer nor the Borrower assume any responsibility for the accuracy thereof.

THE ISSUER, THE BORROWER, THE TRUSTEE AND THE UNDERWRITER WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE SERIES 2024 BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY PARTICIPANT; (ii) THE PAYMENT BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2024 BONDS; (iii) THE DELIVERY OF ANY NOTICE BY THE DEPOSITORY TO ANY PARTICIPANT OR BY ANY PARTICIPANT TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO BONDHOLDERS UNDER THE TERMS OF THE INDENTURE; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2024 BONDS; OR (v) ANY OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE SERIES 2024 BONDS.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but the Issuer, the Borrower, the Trustee and the Underwriter take no responsibility for the accuracy thereof, and neither Participants nor Beneficial Owners should rely on the foregoing information with respect to such matters. Instead, they should confirm the same with DTC or the Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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**APPENDIX I**

**SELECTED DATA ON THE STATE OF IDAHO**

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**APPENDIX I**

**SELECTED DATA ON THE STATE OF IDAHO  
AS OF JUNE 1, 2023 UNLESS OTHERWISE SPECIFIED**

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## APPENDIX I

### SELECTED DATA ON THE STATE OF IDAHO

Information presented in this Appendix I contains information on the basic structure of the State of Idaho's (the "State") governmental organization, economic and demographic information, finances, including details on the budget process, revenues, expenditures and reserves, cash management, pension programs, and outstanding indebtedness, as well as other information.

The State examines the economic, demographic and financial data (collectively, the "Economic Data") presented in Appendix I, and includes detailed citations as to the source and "as of date" of the data presented. The State monitors the sources of the Economic Data presented, and updates such Economic Data in a timely manner when new data is available from the cited sources.

As a result of the ongoing updates to Appendix I described in the foregoing paragraphs, there may be variations in the information presented in this Appendix I as compared to prior official statements of the State and State agencies.

## INTRODUCTION

### Idaho State Government

State Government in Idaho originates from the State Constitution adopted at the constitutional convention of August 6, 1889, and ratified by the people in November of the same year. The United States Congress approved the Constitution and admitted the State to the Union on July 3, 1890.

### The Executive Department

The Idaho Executive Department consists of seven constitutionally empowered elected officials: Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction.

The Governor is vested with the "supreme executive power." The Governor appoints department heads and members of boards and commissions. On extraordinary occasions, the Governor can convene special sessions of the Idaho State Legislature (the "Legislature"). The Governor gives final approval, by signing, of bills passed by the Legislature, and has the power to veto bills but must list the objections. The Legislature can override a veto by a two-thirds vote of each chamber.

The Lieutenant Governor presides over the State Senate and, when the Governor is absent from the State, serves as Acting Governor. In case of vacancy for any reason in the Governor's office, the Lieutenant Governor succeeds to that office.

The Secretary of State is primarily a ministerial official. The Secretary of State is the custodian of records, including those of corporations, and of the Great Seal of the State of Idaho. The Secretary of State is the State's Chief Election Officer and has administrative duties as a member of the Board of Examiners, the State Land Board, and State Board of Canvassers.

The State Controller, as Chief Accounting Officer, is responsible for the accounting records and is the State's cash disbursement officer. The State Controller is also responsible for maintaining the Statewide system of internal control procedures. The State Controller is the State Administrator of Social Security, a member of the State Land Board, *ex officio* Secretary of the Board of Examiners, and a member of the State Board of Canvassers.

The State Treasurer, as Chief Financial Officer, receives all State revenues and fees and is cash manager and investor for all State revenues. The State Treasurer pays all State bills by redeeming State warrants and is custodian of the Worker's Compensation Fund and the Public School Endowment Fund. The State Treasurer also is a member of the State Board of Canvassers, and serves as advisor to the Idaho Housing and Finance Association.

The Attorney General is the Chief State Legal Officer and represents State officers and agencies in legal matters. The Attorney General must provide legal opinions in writing when requested by government officials. The Attorney General is required to supervise all county prosecuting attorneys and to assist them in law enforcement if they so request. The Attorney General is in charge of consumer protection laws and has jurisdiction to enforce State antitrust laws. The Attorney General is a member of the Board of Examiners and the State Land Board.

The State Superintendent of Public Instruction is an *ex officio* and voting member of the State Board of Education, the executive officer of the State Department of Education and advisor to school districts on all aspects of education. The State Superintendent also is a member of the State Land Board and serves as *ex officio* member of the State Library Board.

### **Description of Area**

Located in the northwestern portion of the United States, the State is bordered by Washington, Oregon, Nevada, Utah, Wyoming, Montana and Canada. The State's land area consists of 82,751 square miles of varied terrain.

The State has substantial water resources which have dominated its history and development. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. Three of the State's rivers—the Clearwater, the Kootenai and the Salmon—are more than half as large as the Colorado River. The Snake River Plain Aquifer is one of the largest fractured basalt aquifers in the world. Equally important to quantity is the quality of the State's waters, which remains outstanding. The drop in elevation of rivers such as the Snake allows valuable hydropower production, affording the State some of the lowest electricity rates in the nation.

The State enjoys a broad base of economic wealth ranging from extensive mining and timber resources to notably productive agricultural lands, which benefit from a highly developed series of man-made reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing the State fourth in the nation for irrigated acreage.

The State traditionally has been an agricultural state. Livestock, beef and dairy cattle, and sheep are important to the economy, while the major crops of the State's farmers include potatoes, wheat, barley, sugar beets, peas, lentils, seed crops and fruit. Major manufacturing industries include food processing, forest products, phosphate processing, and electronics. Mining has played an important role in the development of the State, with phosphate rock, silver, lead, zinc and molybdenum among the resources mined.

## **STATE FINANCES**

### **Annual Balanced Budget Requirement**

Article VII, Section 11, of the Constitution requires the State to have a balanced budget annually and reads as follows.

*“Expenditure not to exceed appropriation.* No appropriation shall be made, nor any expenditure authorized by the legislature, whereby the expenditure of the state during any fiscal year shall exceed the total tax then provided for by law, and applicable to such appropriation or expenditure, unless the legislature making such appropriation shall provide for levying a sufficient tax, not exceeding the rates allowed in section nine of this article, to pay such appropriation of expenditure within such fiscal year. This provision shall not apply to appropriations or expenditures to suppress insurrection, defend the state, or assist in defending the United States in time of war.” In addition to the constitutional requirement for a balanced budget, Sections 67-3512 and 67-3512A, Idaho Code, provide authority to the Governor and the Board of Examiners to reduce appropriations in order to meet the constitutional balanced budget requirement.

State statutes further provide the following:

*“67-3512 Reduction of legislative appropriations.* Any legislative appropriation made for any department, office or institution of the state may be reduced in amount by the state board of examiners upon investigation and report of the administrator of the division of financial management; provided, that before such reduction is ordered the head of such department, office or institution shall be allowed a hearing before said state board of examiners and may at such

hearing present such evidence as he may see fit. No reduction of legislative appropriations made to executive department agencies shall be made without hearing unless and until the head of such department, office or institution shall file his consent in writing thereto. No reduction of legislative appropriations for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties. No reduction of legislative appropriations for the legislative and judicial departments shall be made without the permission in writing of the head of such department.”

“67-3512A *Temporary reduction of spending authority.* Whenever the governor as chief budget officer of the state may determine that the expenditures authorized by the Legislature for the current fiscal year shall exceed anticipated moneys available to meet those expenditures, the governor by executive order may reduce the spending authority on file in the office of the state controller for any department, office or institution of the state; provided, that no reduction of spending authority for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties and provided that no reduction of spending authority for the legislative and judicial departments shall be made without the permission in writing of the head of such department. The head of any executive department, office or institution of the state may appeal the temporary reduction of spending authority to the state board of examiners, and the state board of examiners may, after hearing and consideration of evidence, restore said spending authority to its original level or to such lesser level as may be required to assist the state in maintaining a balanced budget. The governor may not temporarily reduce spending authority to a level lower than that required to insure that state expenditures do not exceed revenues. A temporary reduction of spending authority pursuant to this section shall not result in a reduction of appropriation. The governor at any time by executive order may restore spending authority which has been temporarily reduced to its original level.”

### **Statewide Accounting Policies and Practices**

Luma is an Enterprise Resource Planning (ERP) system that all state agencies use for statewide unification in budget planning, financial management, procurement, payroll, and human capital management; it is the accounting system of record for the State and is maintained by the State Controller. The State maintains records on a budgetary (cash) basis during the fiscal year and records accrual entries for financial reporting purposes at fiscal year end.

The State Treasurer is responsible for the receipt and disbursement of all State moneys, management of all bank accounts, and investments of cash not required to meet immediate needs. Some funds are invested separately, and the remaining cash balances are combined for investment purposes. All interest earned is credited to the General Fund unless otherwise required by law or policy.

### **Cybersecurity**

The State’s vision for cybersecurity is to create a resilient holistic cybersecurity culture that facilitates and protects the State, reduces risk and protects privacy. The State has implemented a required annual cybersecurity awareness training for all State employees, and this training will be expanded to include phishing resiliency training. State Executive Orders, the Idaho Technology Authority, policy, federal compliance, and strong leadership from Idaho Technology Service have shaped agencies strategic plans to enforce protection of personally identifying information by adhering to industry standard frameworks such as National Institute of Standards and Technology and the Center for Internet Security, which promote best cybersecurity practices and integrations. Additionally, the State maintains cybersecurity insurance for all State agencies.

### **Financial Reporting and Budgeting**

The State produces an Annual Comprehensive Financial Report (“ACFR”) in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (“GASB”). The State’s ACFR can be viewed at <http://www.sco.idaho.gov>. The ACFR has received unmodified audit opinions from the State’s Legislative Service auditors and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association every year since 1997.

The State Division of Financial Management (“DFM”) prepares the Governor’s Executive Budget (the “Executive Budget”), monitors legislative action involving the budget, and produces the revenue and economic forecasts. The Executive Budget and the General Fund Revenue Book are available at <http://www.dfm.idaho.gov>.

**Revenue Projection Process**

The Legislature has not produced its own revenue forecast since 1993. However, the Legislature’s Joint Economic Outlook and Revenue Assessment Committee (the “EORAC”) meets at the beginning of the legislative session to review the executive revenue forecast and advise legislative leadership concerning the viability of that forecast. See “Executive Revenue Forecasts.”

The Legislature and the Governor have a constitutional responsibility to achieve a balanced budget. In January 2023, the EORAC recommended that the Governor’s Fiscal Year 2023 General Fund revenue projection of \$5,867,925,000 was reasonable. Further, the EROAC recommended a revenue estimate of \$5,547,111,000 for Fiscal Year 2024. The Legislative Joint Finance and Appropriations Committee adopted the Governor’s and EROAC’s Fiscal Year 2023 and Fiscal Year 2024 revenue estimates.

**Executive Revenue Forecasts**

The executive branch forecasts General Fund revenues for use in the development of the Executive Budget and for management of current year fiscal operations. Official executive revenue forecasts are released two times each year, and monthly revenues are monitored year-round on an on-going basis. The semiannual forecast update cycle results in three separate executive revenue forecasts for each fiscal year. The first occurs in January, six months before the start of the fiscal year in question. The second is in August, at the beginning of the fiscal year in question. The third and final forecast is in January, midway through the fiscal year in question.

**Unobligated Cash Balances**

The General Fund unobligated cash balances at fiscal year-end for the past ten years are listed below. These figures represent the ending cash balance less encumbrances.

**TABLE I-1  
UNOBLIGATED CASH BALANCES**

<b>Fiscal Year</b>	<b>Unobligated Cash Balance</b>
2014	44,432,700
2015	44,946,500
2016	50,546,300
2017	100,886,700
2018	238,951,100
2019	101,396,200
2020	186,311,600
2021	889,524,100
2022	1,381,211,927
2023	521,670,000

**STATE RESERVE FUNDS**

The balances in the Budget Stabilization Fund (the “BSF”), the Public Education Stabilization Fund (the “PESF”), and the Higher Education Stabilization Fund (the “HESF”) at fiscal year-end are shown in Table A-2. A full description of each fund is included below.

**TABLE I-2  
STATE RESERVE FUNDS**

<b>Fiscal Year</b>	<b>Budget Stabilization Fund</b>	<b>Public Education Stabilization Fund</b>	<b>Higher Education Stabilization Fund</b>
2018	353,229,517	64,349,703	5,287,272
2019	373,160,635	81,728,540	7,730,161
2020	393,373,778	72,436,241	11,451,000
2021	677,730,596	95,633,668	14,251,588
2022	727,825,580	124,613,402	14,970,473
2023	847,825,580	205,700,466	12,420,420
2024 (est)	880,188,780	234,528,332	12,920,420

Note: Table does not tie to numbers in respective ACFR because Table A-2 only displays the unobligated balance available.

Source: *Division of Financial Management*

**Budget Stabilization Fund**

Section 57-814, Idaho Code, creates the BSF in the State Treasury for the purpose of meeting General Fund revenue shortfalls and to meet expenses incurred as the result of a major disaster declared by the Governor. Interest earnings from the investment of moneys in this fund by the State Treasurer will be credited to the Permanent Building Account subject to the provisions of Section 67-1210, Idaho Code.

If the State Controller certifies that the receipts to the General Fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than four percent (4%), then the State Controller shall transfer all General Fund collections in excess of said four percent (4%) increase to the Budget Stabilization Fund, up to a maximum of one percent (1%) of the actual general fund collections of the fiscal year just ending. The State Controller shall make the transfer upon the financial close of the current fiscal year. The amount of moneys in the Budget Stabilization Fund shall not exceed fifteen percent (15%) of the total General Fund receipts for the fiscal year just ending. The State Controller shall transfer moneys in the Budget Stabilization Fund in excess of the fifteen percent (15%) limit to the General Fund.

**Public Education Stabilization Fund**

Section 33-907, Idaho Code, created the PESF in the State Treasury as a fund detail of the Public School Income Fund. The PESF consists of moneys transferred to the fund according to the provisions of Sections 33-905 and 33-1018, Idaho Code, and any other moneys made available through legislative transfers or appropriations. Moneys in the PESF are continuously appropriated for the purposes stated in Sections 33-1018 and 33-1018B, Idaho Code, and may only be expended for the purposes stated in Sections 33-1018, 33-1018A and 33-1018B, Idaho Code. Interest earned from the investment of moneys in the PESF will be retained in the PESF. Any accumulated balances in the PESF that are in excess of 8.334% of the current fiscal year’s total appropriation of State funds for public school support will be transferred to the State Bond Levy Equalization Support Program (the “Bond Levy Program”) Fund. Senate Bill 1041, passed in the 2017 legislative session, added Section 33-1018C, Idaho Code, which specifies that in the event moneys are withdrawn from the PESF for the circumstances authorized pursuant to Section 33-1018 or Section 33-1018B, Idaho Code, then the joint finance-appropriations committee will consider transferring the amount of the withdrawal as a supplemental appropriation to the PESF for the current fiscal year.

## Higher Education Stabilization Fund

Section 33-3726, Idaho Code, created the HESF in the State Treasury as a strategic reserve to be utilized as a mitigation tool to minimize the impact of economic downturns on higher education in the State. Funding for the HESF is generated from two revenue sources, flowing into four accounts. The first account is established for and funded by the interest generated from the submission of tuition and fees to the State General Account. The second and third accounts are funded through the appropriation of surplus moneys in times of economic abundance. The fourth account was established by House Bill 459 in the 2016 legislative session and named the Community College Start-up Account. It can be funded by a specific appropriation for the formation of a new community college.

## RETIREMENT SYSTEMS

### Public Employee Retirement System of Idaho

*Overview.* The Public Employee Retirement System of Idaho (“PERSI”) is the retirement system for State public employees. Participation in PERSI is mandatory for eligible State and school district employees and is available to other public employers (e.g., political subdivisions) and their employees on a contractual basis. As of June 30, 2023, PERSI had 76,668 active members, 52,074 inactive members (of whom 16,106 are entitled to vested benefits), and 54,680 retired members or annuitants. In addition, as of June 30, 2023, there were 850 participating employers in the PERSI Base Plan (defined below) and total membership in PERSI was 183,422. PERSI collects contributions from employees and employers to fund retirement, disability, death, and separation benefits, as provided by Idaho Code.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”) the Firefighters’ Retirement Fund (“FRF”), and the Judges’ Retirement Fund (“JRF”); two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) (“PERSI Choice Plans”); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers.

PERSI is governed by a board (the “Retirement Board”) consisting of five members, each appointed by the Governor to fill a five-year term. PERSI staff oversees the investment of trust corpus and new contributions with professional investment managers and funding agents. The Retirement Board maintains fiduciary responsibility for investment policy, asset allocation, and the selection of individual investment managers. The Retirement Board manages PERSI; its tasks include selecting the funding agents, establishing funding policy, and setting contribution rates.

PERSI prepares an Annual Financial Report. Information about this report may be obtained directly from PERSI, or on line at <https://www.persi.idaho.gov/docs/news/publications/2023-ACFR-web.pdf>. PERSI is a discretely presented component unit of the State, and its financial report is included in the State’s ACFR.

*Defined Benefit Retirement Plans.* The PERSI Base Plan is a cost-sharing, multiple-employer, defined benefit retirement plans that provide benefits based on members’ years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Title 59, Chapter 13, Idaho Code, governs the PERSI Base Plan.

Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification.

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivision employers contribute to PERSI. The number of participating employer units in the PERSI Base Plan as of June 30, 2022, and June 30, 2023, is shown below:

**TABLE I-3  
PARTICIPATING EMPLOYER UNITS**

	<b>2023</b>	<b>2022</b>
Cities	160	160
School Districts	190	186
Highway and Water Districts	142	141
State Subdivisions	92	90
Counties	44	44
Other	222	219
<b>Total</b>	<b>850</b>	<b>840</b>

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report.*

**TABLE I-4  
PRINCIPAL PARTICIPATING EMPLOYERS, 2023**

<b>Participating Employers</b>	<b>Covered Employees</b>	<b>Rank</b>	<b>% of Total</b>
State of Idaho	17,543	1	22.9%
West Ada School District	3,954	2	5.2%
Boise Independent School District	3,005	3	3.9%
Ada County	2,059	4	2.7%
City of Boise	1,578	5	2.1%
Bonneville School District	1,447	6	1.9%
Pocatello School District	1,349	7	1.8%
Nampa School District	1,307	8	1.7%
Coeur d'Alene School District	1,199	9	1.6%
Idaho Falls School District	1,140	10	1.5%
All Other	42,087		54.9%
<b>Total</b>	<b>76,668</b>		<b>100%</b>

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report.*

The number of PERSI Base Plan benefit recipients and members as of June 30, 2022, and June 30, 2023, is shown below:

**TABLE I-5  
PERSI BASE PLAN BENEFIT RECIPIENTS AND MEMBERS**

	<u>2023</u>	<u>2022</u>
Active Participants	76,668	74,409
Vested - Base Plan	44,627	44,288
Non-vested Base Plan	32,041	30,121
Retirees and Beneficiaries	54,680	53,190
Terminated and Vested Members	16,106	15,489
Terminated and non-vested	35,968	34,714

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report.*

*Contributions.* PERSI’s funding policy for the PERSI Base Plan is determined by the Retirement Board within limitations defined by State law. Funding policy provides for periodic employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the individual entry age actuarial cost method for the PERSI Base Plan. Under the individual entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the PERSI Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The payroll for employees covered by the PERSI Base Plan and was approximately \$4.2 billion for the year ended June 30, 2023.

From 1994 to 2018, the total contribution rate has been between 15.78% and 18.75%. There was no change in the contribution rate from 2013 to 2018. The contribution rate increased to 19.10% effective July 1, 2019.

**TABLE I-6  
FY 2023 CONTRIBUTION RATES**

	<u>Member</u>		<u>Employer</u>	
	<u>General/ Teacher</u>	<u>Fire/ Police</u>	<u>General/ Teacher</u>	<u>Fire/ Police</u>
Contribution Rate	7.16%	9.13%	11.94%	12.28%

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report.*

Major PERSI experience studies are completed every 4 years. The most recent experience study was completed in 2021. The July 1, 2022 actuarial valuation found that PERSI’s contribution rates were insufficient to amortize the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in October 2022, the PERSI Board approved three contribution rate increases to take effect: 1.25% on July 1, 2024, 2.50% on July 1, 2025, and 3.75% on July 1, 2026.

As of July 1, 2023, there is an unfunded actuarial liability of \$4,019.1 million. The contribution rates currently scheduled are projected to take 13.5 years to pay off the \$4,019.1 million Unfunded Actuarial Accrued Liability (“UAAL”) which is less than the 25-year amortization period required by statute.

*Funding Status:* Based on the July 1, 2023, actuarial valuation, the UAAL was decreased by \$539.3 million due to an asset gain recognized as of July 1, 2023. Specifically, PERSI’s assets earned a net return after expenses of 9.11%, which is 2.81% above the actuarial assumption of 6.3%. All other actuarial experience gains and losses increased the UAAL by \$426.1 million. Thus, the total experience gain for the year was \$113.2 million.



The UAAL decreased by \$100.2 million due to the scheduled contribution rate increases approved by the PERSI Board in October 2022. In addition, the UAAL increased by \$132.4 million because expected contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL.

All of these items resulted in a decrease in UAAL of \$58.1 million and a change in funding status from 82.6% on July 1, 2022, to 83.7% on July 1, 2023. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability.

The following table displays the funded status on an actuarial value basis for the PERSI Base Plan:

**TABLE I-7**  
**FUNDED STATUS ON ACTUARIAL VALUE BASIS—PERSI BASE PLAN**  
**(dollars in millions)**

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Present Value of Future ORP Contributions	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2014	13,833.1	14,928.1	42.7	1,052.3	92.9%	2,702.9	38.9%
2015	13,956.7	15,488.2	41.3	1,490.2	90.4%	2,791.1	53.4%
2016	13,884.2	16,128.3	38.0	2,206.1	86.3%	2,909.3	75.8%
2017	15,296.7	17,101.0	37.7	1,766.6	89.6%	3,089.6	57.2%
2018	16,274.8	17,889.0	34.1	1,580.1	91.2%	3,200.4	49.4%
2019	17,239.5	18,661.7	31.0	1,391.2	92.5%	3,382.1	41.1%
2020	17,392.1	19,852.3	27.0	2,433.2	87.7%	3,546.0	68.6%
2021	21,770.7	21,840.7	21.0	49.0	99.8%	3,716.7	1.3%
2022	19,349.5	23,433.1	16.4	4,077.2	82.6%	3,927.0	103.8%
2023	20,695.8	24,726.9	12.0	4,019.1	83.7%	4,234.2	94.9%

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report.*

The net position for all pension and other funds administered by PERSI increased \$1.6 billion during Fiscal Year 2023 and decreased \$(2.8) billion during Fiscal Year 2022. All of the plans experienced investment gains in Fiscal Year 2023 as a result of positive market performance. Net investment income for all of the funds administered by PERSI for the fiscal years ended June 30, 2023, and June 30, 2022, was \$2.0 billion and \$(2.4) billion, respectively.

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The table below details the analysis of actuarial gains and losses:

**TABLE I-8**  
**ANALYSIS OF ACTUARIAL GAINS OR LOSSES—PERSI BASE PLAN**  
**(dollars in millions)**

	Gain (Loss) for Period		
	2022-2023	2021-2022	2020-2021
<b>Investment Income</b>			
Investment income was greater (less) than expected	\$ 539.3	\$ (3,435.4)	\$ 3,641.1
<b>Pay Increases</b>			
Pay increases were less (greater) than expected	(206.9)	(151.8)	(20.2)
<b>Membership Growth</b>			
New members increased liabilities by more (less) than their contributions increases assets.	(1.3)	5.4	1.7
<b>Other Retired Member Experience</b>			
Retirees died younger (lived longer) than expected and miscellaneous gains (and losses) resulting from other causes	(10.7)	(205.6) <sup>(1)</sup>	57.7
<b>Cost of Living Adjustment (COLA)</b>			
Different Automatic COLA than expected	NA	NA	NA
<b>Other Active and Inactive Member Experience</b>			
Members retiring at different times than expected and miscellaneous gains (and losses) resulting from other causes	<u>(207.2)</u>	<u>(55.1)</u>	<u>(9.8)</u>
<b>Total Gain (Loss) During the Period from Actuarial Experience</b>	<b>\$ 113.2</b>	<b>\$ (3,842.5)</b>	<b>\$ 3,670.5</b>
<b>Contribution Income</b>			
Expected contributions were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability	(132.4)	89.7	(121.7)
<b>Non-Recurring Items</b>			
Changes in Actuarial Assumptions caused a gain (loss)	None	None	(1,159.0)
Changes in Actuarial Methods caused a gain (loss)	None	None	None
Changes in plan rovisions caused a gain (loss) <sup>(2)</sup>	(22.9)	(275.4)	(5.6)
Changes to Contribution Rate Increase Schedule	<u>100.2</u>	<u>None</u>	<u>None</u>
<b>Composite Gain (Loss) During the Period</b>	<b><u>\$ 58.1</u></b>	<b><u>\$ (4,028.2)</u></b>	<b><u>\$ 2,384.2</u></b>

- (1) 2021-2022 loss included re-addition of some retired members that were previously omitted from the retired member data supplied by PERSI
- (2) For 2022-23, this reflects the Return to Work provision. For 2021-22, this reflects 2.50% discretionary COLA, effective March 1, 2022.
- (3) In October 2022, the PERSI Board adopted 1.25% contribution rate increase effective July 1, 2024, an additional 2.50% increase effective July 1, 2025, and an additional 3.75% rate increase effective July 1, 2026.

*Source: Public Employee Retirement System of Idaho, 2023 Annual Comprehensive Financial Report, Milliman Actuarial Section*

*Defined Contribution Retirement Plans.* The PERSI Choice Plans are defined contribution retirement plans, governed by Title 59, Chapter 13, Idaho Code, and made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment and recordkeeping purposes.

The 401(k) portion of the PERSI Choice Plans was established in 2001 and is open to all active PERSI members. This allows employees to make tax-deferred contributions of up to 100% of their gross salary, less deductions and subject to the Internal Revenue Service annual contribution limit, and provides for voluntary employer matching contributions at rates determined by the employers.

The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan. The gain sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to approval by the Retirement Board.

All PERSI employer units are eligible to have participating employees in the PERSI Choice Plans. As of June 30, 2023, there were 43,440 participants with balances in the PERSI Choice Plans.

### **Optional Retirement Program**

Certain employees of State higher education institutions are eligible to participate in an ORP established under Sections 33-107A and 33-107B, Idaho Code, by the State Board of Education. Commencing July 1, 2007, 1.49% of the payroll of higher education faculty and staff covered by the ORP is payable to PERSI until July 1, 2025. From July 1, 1997 to July 1, 2011, 3.83% of the payroll of faculty and staff at post-secondary professional-technical education institutions covered by the ORP was payable to PERSI. Effective July 1, 2011, this 3.83% is payable to the ORP. The payments to PERSI are in lieu of amortization payments and withdrawal contributions otherwise required under PERSI statutes related to future payments to higher education employees who elected to remain in PERSI. The ORP is a portable, multiple-employer, defined contribution retirement plan in accordance with Internal Revenue Code section 401(a). The total contribution rate is the same for all employees, with a portion of the employer's contribution for ORP members that are four-year institutions (pursuant to Idaho Code §33-107A) being credited to the employee's account and a portion to the PERSI unfunded liability until 2025.

### **Other Postemployment Benefits**

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes standards for the measurement, recognition, and display of other postemployment benefits ("OPEB") expense/expenditures and related liabilities/assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The requirements of this statement became effective in Fiscal Year 2008. The State retained Milliman to calculate the State's liability for its postemployment benefits. The initial report, dated August 20, 2007, estimated the State's OPEB liability to be \$514.9 million at June 30, 2010. The legislation passed during the 2009 legislative session described below reduced this liability.

Legislation passed during the 2009 Legislative Session made changes to State law regarding eligibility and management of health insurance for active employees and retirees of State service. Since July 1, 2009, each eligible retiree has received \$155 each month or \$1,860 per year toward his/her premiums for health insurance. Any retiree who was eligible (whether or not he/she was on the State plan) may remain so until he/she becomes eligible for Medicare. Since January 1, 2010, retired personnel health care coverage has not been available to Medicare-eligible retirees or their Medicare-eligible dependents. A non-Medicare-eligible spouse will be eligible for coverage on a State-sponsored health insurance plan until becoming eligible for Medicare.

In the future, an employee will be eligible for health care coverage when he/she retires if he/she:

- (i) was an active employee on or before June 30, 2009;
- (ii) is eligible for a retirement benefit from PERSI with at least 20,800 hours of credited State service; and
- (iii) retires directly from State service.

Persons with previous State employment who retire from another employer will no longer be able to obtain coverage under the State-sponsored plan. Any employees or elected officials rehired, reelected, or reappointed on or after July 1, 2009, will be eligible for retiree coverage if they had at least ten years of previously credited State service before June 30, 2009, accumulate an additional three years of credited State service, and are otherwise eligible.

The following table summarizes the Total OPEB Liability and OPEB Expense by plan as of June 30, 2022.

**TABLE I-9  
OPEB VALUATION RESULTS**

Plan	Total OPEB Liability June 30, 2021	Total OPEB Liability June 30, 2022	OPEB Expense July 1, 2021 to June 30, 2022
Retiree Healthcare	\$ 21,176,000	\$ 7,443,000	\$ (11,558,000)
LTD Healthcare	1,196,000	887,000	235,000
C&U Life	68,651,000	57,886,000	4,099,000
Judicial Life	19,275,000	18,661,000	1,574,000
DOL Life	1,040,000	849,000	(109,000)
<b>UPD</b> Total	<b>\$ 111,338,000</b>	<b>\$ 85,726,000</b>	<b>\$ (5,759,000)</b>

*Source: Milliman, State of Idaho Retiree Healthcare, LTD and Life Benefits – GASB 75 Disclosure for Fiscal Year Ending June 30, 2023*

## DEBT MANAGEMENT AND ENHANCEMENT PROGRAMS

### Idaho Credit Rating Enhancement Committee

In 2005, the Legislature created the Idaho Credit Rating Enhancement Committee (“CREC”) in the office of the State Treasurer (Sections 67-1224 and 67-1225, Idaho Code). The purpose of this committee is to advise the Governor and the Legislature regarding policies and actions that enhance and preserve the State’s credit rating and maintain the future availability of low-cost capital financing. In 2010, the committee adopted the “State of Idaho Debt Management Policy,” the purpose of which is to provide policymakers with information that will enable informed decision-making regarding financing proposals and debt issuance. The State of Idaho Debt Management Policy was amended in April 2019 to provide updates reflecting input from CREC members and State Treasurer’s Office staff and was renamed the “Idaho Credit Rating Enhancement Committee Policy” to better describe the intent of the policy. The Idaho Credit Rating Enhancement Committee Policy was most recently amended on November 22, 2021. A copy of the policy can be found on the State Treasurer’s web site at <http://sto.idaho.gov/>. This inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein.

### Idaho School Bond Guaranty Act

The Idaho School Bond Guaranty Act (the “Guaranty Act”), Title 33, Chapter 53, Idaho Code, and the Credit Enhancement Program for School Districts (the “Credit Enhancement Program”), Idaho Code Section 57-728, were enacted for the purpose of establishing a default avoidance program for voter-approved general obligation bonds issued by State public school districts. Created in 1999 by the Legislature, the Guaranty Act and the Credit Enhancement Program have been revised by subsequent legislation to clarify guaranty limits and procedures. Amending legislation, passed in 2009, clarified technical aspects of the Guaranty Act and the Credit Enhancement Program and created a two-tiered system of credit enhancement.

The Guaranty Act provides a pledge of the State sales tax to guarantee timely payment of the principal of and interest on the guaranteed bonds. Under the Guaranty Act, if a school district does not make timely payment of debt service

on guaranteed bonds, the State Treasurer is required to gather sufficient funds to make the debt service payment on the guaranteed bonds from one or more of the following sources:

- (i) intercepting all or a portion of any payments from any source of operating moneys provided by the State to the school district that would otherwise be paid to the school district by the State (the “Interceptable Funds”);
- (ii) requesting the State Controller to transfer to the Public School Guaranty Fund moneys from the State General Fund representing sales tax receipts of the State in an amount not to exceed the scheduled debt service payment;
- (iii) issuing notes; or
- (iv) negotiating a voluntary loan from funds administered by the Endowment Fund Investment Board.

Any of the actions under (ii), (iii), and (iv) above are required to be repaid by the school district and such repayment obligation is subject to the intercept of future Interceptable Funds due to the school district.

If a school district is approved to participate in the Guaranty Act, it may also request approval from the Endowment Fund Investment Board to participate in the Credit Enhancement Program, which provides back-up liquidity provisions to the Guaranty Act. The 2016 Legislature approved a bill that increased the capacity of the Credit Enhancement Program from \$800,000,000 to \$1,200,000,000. The Credit Enhancement Program makes \$300,000,000 available from the Public School Endowment Fund to purchase any general obligation notes issued by the State Treasurer pursuant to the Guaranty Act. The amount of debt guaranteed by the Credit Enhancement Program may not be greater than four times the amount made available by the Public School Endowment Fund, which limits the guaranty of the Credit Enhancement Program to \$1,200,000,000 of outstanding principal of bonds. Participation in the Credit Enhancement Program is limited to \$40,000,000 in the aggregate per school district.

The Guaranty Act provides that the State Treasurer may issue a certificate of eligibility which will be printed on the bonds and which is good for the life of the bonds.

As of June 30, 2023, \$1,092,875,000 in principal is outstanding under the Guaranty Act. Of the amount outstanding under the Guaranty Act, \$538,919,080 in principal is outstanding under the Credit Enhancement Program.

### **Idaho Bond Bank Authority**

Idaho Code Title 67, Chapter 87, the “Idaho Bond Bank Authority Act,” was created pursuant to a constitutional amendment and took effect in 2001 (the “Bond Bank Act”), creating an independent public body corporate and politic to be known as the Idaho Bond Bank Authority (the “Authority”). The Authority is declared to be an instrumentality of the State within the State Treasurer’s Office, but with a legal existence independent of and separate from the State. The Authority consists of five members: the State Treasurer or his or her designee, one member of the State Senate appointed by the president *pro tempore* of the Senate, one member of the State House of Representatives appointed by the Speaker of the House, and two members appointed by the Governor. The Authority is authorized, among other powers, to issue bonds payable from or secured by municipal bonds or notes of one or more municipalities (including cities, counties, school districts, and other political subdivisions), to purchase municipal bonds, to pledge sales tax revenues of the State as a source of payment or security for bonds issued by the Authority, and to establish debt service reserve funds for its bonds.

The Bond Bank Act provides an intercept mechanism whereby the State Treasurer may make payments on the bonds of participating municipalities and, if reimbursement is not timely made, intercept the receipt of any payment of property taxes, sales tax moneys to be distributed to the defaulting municipality, or any other source of operating moneys provided by the State to the defaulting municipality. Such State intercept operates by force of law and not by consent of the municipality. In addition, if moneys expected to be intercepted pursuant to the intercept mechanism are expected to be insufficient to reimburse the State for its payments on the bonds, the State Treasurer will cause moneys to be transferred from the State sales tax account and deposited into the Authority’s fund (so long as such transfer does not “impede or otherwise affect the payment of sales tax moneys pledged for the payment on other outstanding State bonds”). Any pledge of sales tax revenues made by the Authority is a binding lien on the sales tax revenues so pledged.

As of June 30, 2023, the Idaho Bond Bank Authority had \$189,740,000 in principal is outstanding.

### **Debt Management for Guaranty Act and Authority Debt**

Bonds issued by the Authority and bonds guaranteed under the Guaranty Act are both secured by the State sales tax. In 2012, the Authority implemented a debt capacity policy with respect to the utilization by both programs of the sales tax pledge. The Authority's debt capacity policy states that the combined maximum annual debt service issued by the Authority and guaranteed under the Guaranty Act can be no greater than 20% of the State sales tax moneys collected by the State during the most recent fiscal year for which audited financial statements are available. State sales tax collections totaled \$2,951,911,000 in Fiscal Year 2022 providing MADS capacity of \$590,382,000. As of June 30, 2023, the combined MADS on bonds guaranteed under the Guaranty Act and bonds issued by the Authority is \$178 million. Therefore, the two programs are currently utilizing 30.2% of the amount allowed under the debt capacity policy.

### **Public Charter School Facilities Program Fund**

In 2019 the Idaho Legislature created the "Public Charter School Facilities Program" in Idaho Code Section 33-5218 (the "PCSFP") to assist qualifying charter schools in obtaining favorable financing on bonds for facility improvements and construction. The PCSFP is considered a moral obligation of the State. The operation of the PCSFP centers on the Debt Service Reserve Fund (the "DSRF"), held by a bond trustee that is initially funded by each individual charter school that utilizes the PCSFP in conjunction with a charter school's bond sale to fund or refund capital improvements to their facilities. The DSRF is typically funded at maximum annual debt service. The PCSFP provides a mechanism for the State to replenish any draws on the DSRF from funds available in the Public Charter School Facilities Program Fund and to request an appropriation from the State Legislature to replenish the DSRF to the required deposit and/or replenish the amount drawn from the Public Charter School Facilities Program Fund.

Charter schools issuing bonds through the PCSFP must receive approval from the Idaho Housing and Finance Association for issuance of nonprofit facility bonds and meet other specific requirement of the PCSFP which include, among other things: i) a directive from the charter school to the Idaho Department of Education that all payments to the charter school pursuant to the state educational support program shall be paid directly to a bond trustee to set aside funds for debt service in accordance with the bond indenture; (ii) evidence from charter school authorizer that school has been in academic, operational, and financial good standing for each of the previous three years; (iii) annual budgets and cash flow statements projecting that the cost to operate the facility, including debt service, future occupancy cost, and facility operating expenses, will not exceed 20% of ongoing revenues with certification from the school's board chair or treasurer that projected future budgets and cash flows are based on reasonable assumptions related to level or increasing projected enrollment or waitlist and projected total income, including any matching funds and donations contingent on receipt of a bond proceeds; (iv) evidence that the school has operating reserves greater than 60 days cash on hand a debt service coverage ratio equal to or greater than 1.20; (v) clean audit opinions for prior three years; (vi) evidence of strong academic results, including above state-average growth or proficiency on the Idaho standards achievement test.

Effective July 1, 2023, the PCSFP limits the par amount of bonds that can be outstanding under the PCSFP to an amount that cannot exceed the percentage of all Idaho public school students attending public charter schools multiplied by two and then multiplied by the par amount of bonds guaranteed under the Idaho School Bond Guaranty Act. Based on enrollment numbers reported in June 2023, the program capacity as of July 1, 2023 is \$190.445 million. As of December 1, 2023 there is \$107.03 million of principal outstanding under the PCSFP.

## OUTSTANDING OBLIGATIONS OF THE STATE AND ITS INDEPENDENT AGENCIES

The State has no outstanding general obligation bond debt.

### State Tax Anticipation Notes

The State periodically issues tax anticipation notes for cash flow purposes. The State has not issued, and does not anticipate issuing, a tax anticipation note during Fiscal Year 2024.

### Capital Lease Obligations

As of July 1, 2023 the State had a total of \$44,476,100 in lease obligations greater than \$100,000 at 9 state agencies with the longest lease maturing in 2068.

### Idaho Housing and Finance Association and Transportation Project Financing

The Idaho Housing and Finance Association (“IHFA”) (formerly the Idaho Housing Agency) was created in 1972 to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of low income residing in the State and to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build, and rehabilitate residential housing for such persons and families. IHFA has since been granted authority to finance nonprofit, transportation, economic development and employment benefit projects.

The IHFA is governed by seven commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected chairman by the Governor. The vice chairman and secretary-treasurer are elected annually by the entire Board of Commissioners. The State Treasurer serves as an advisor to the Commissioners. The IHFA has no taxing power and neither the State nor any political subdivision thereof is liable for its bonds or other indebtedness. The IHFA’s mortgage loans are either guaranteed by Federal agencies, insured by private mortgage guarantee policies, or collateralized by the IHFA’s net assets.

*Transportation Project Financing - GARVEE.* The 2005 Legislature enacted legislation that authorized the issuance of Grant Anticipation Revenue Vehicle (“GARVEE”) debt instruments (bonds or notes) to enable the State to finance State transportation infrastructure projects and to pay debt service and other bond-related expenses with future federal aid highway apportionments. The legislation states that the bonding authority “should be used in a manner that does not obligate future legislatures or governors for additional bonding and be used to finance projects which are of the highest critical need based on safety, traffic volume or projected demand.”

The IHFA has issued \$1,365,630,000 in GARVEE bonds (including refunding issues), of which \$558,600,000 remains outstanding as of June 1, 2023. There is no authorized but unissued GARVEE bond authority at this time. The GARVEE bond legislation does not authorize or pledge State General Fund revenues to make payments on GARVEE debt instruments.

*Transportation Project Financing – TECM.* The 2021 Legislature enacted legislation that will allocate \$80 million annually from State sales tax receipts to the Transportation Expansion and Congestion Mitigation (TECM) fund that will be utilized by the Idaho Transportation Department for large infrastructure projects on the State’s highway system. The legislation’s statement of purpose indicated that the annual distribution would support \$1.6 billion in bonding capacity over a twenty year period. The IHFA has issued \$534,275,000 in TECM bonds all of which remain outstanding as of June 1, 2023.

### State Universities

The State’s colleges and universities utilize revenue bonds to finance and refinance construction projects. These revenue bonds are secured by student fees, revenues from sale of goods and services, contributions, and certain other revenues. The foundations of the State’s colleges and universities also issue revenue bonds secured by donations, leases and other revenues. State general fund revenues are not pledged or used to support bonds of the State’s colleges and universities or bonds issued by their foundations.

## **Idaho State Building Authority**

The Idaho State Building Authority (the “Building Authority”), established in 1974, is a body corporate and politic of the State, created as a public instrumentality by the Idaho State Building Authority Act, being Title 67, Chapter 64 of the Idaho Code, as amended, for the purpose of assisting in the acquisition, construction, operation, and financing of State governmental facilities and the facilities of community college districts. The Building Authority is authorized to issue its bonds or notes to finance governmental facilities pursuant to agreements entered into with departments, boards, commissions, or agencies of the State (“State Bodies” or “State Body”) or with community college districts, subject to prior approval of the Legislature by concurrent resolution. To that end, the Building Authority issues bonds secured by annual rent equal to debt service on such bonds for the applicable fiscal year, plus certain administrative costs of the Building Authority and any required deposits to reserve or operating funds or accounts for such fiscal year, payable by the State, acting by and through one or more State Bodies or with community college districts under the terms of lease agreements relating to the project or projects being financed or refinanced, as applicable, by such bonds. All lease agreements are subject to annual renewal by State Bodies or community college districts and the annual rents payable thereunder are subject to annual appropriation. Annual rent for each lease agreement is due and payable in full within 30 days after commencement of each annual lease term.

The Building Authority is governed by seven commissioners appointed by the Governor to serve staggered five-year terms. The commissioners of the Building Authority, in turn, appoint an executive director.

Bonds, notes, or other obligations of the Building Authority do not constitute an indebtedness or obligation of the State or of any department, board, commission, agency, political subdivision, body corporate and politic, or instrumentality of or municipality or county within the State, nor do they constitute the giving or loaning of credit of the State or any department, board, commission, agency, political subdivision, body corporate and politic, instrumentality of, or municipality or county within the State. The Building Authority has no taxing power.

In Fiscal Year 2023, the total amount of rent paid under the facilities leases by the State to the Building Authority was \$25,770,532. As of June 30, 2023, total outstanding bond and note principal of the Building Authority was \$148,465,000.

## **THE INITIATIVE PROCESS**

Article I, Section 3 of the Idaho Constitution provides that the people of the State have reserved to themselves the power of initiative and referendum, pursuant to which measures to enact or repeal laws can be placed on the statewide general election ballot for consideration by the voters. The initiative and referendum powers relate only to laws; the Idaho Supreme Court has ruled that the Idaho Constitution cannot be amended by initiative or referendum.

In 1997, the Idaho Legislature enacted significant procedural pre-requisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State’s office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, shall provide a ballot title for the measure. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Idaho Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure will print the petition and, during an 18 month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by no less than 6% of the qualified electors in at least a majority of the State’s



35 legislative districts and the total number of signatures gathered must exceed 6% of the state-wide qualified electors. The numbers of qualified electors is measured as of the immediately preceding general election of the State.

Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

### **Historical Initiative Petitions**

According to the Elections Division of the Idaho Secretary of State, there were four initiative petitions and three referendums that qualified for the ballot between 2006 and 2022.

## **LITIGATION**

The State and its agencies are parties to numerous routine legal proceedings that occur as a consequence of regular government operations. At any given point, there are numerous lawsuits involving State agencies which could, depending on the outcome of the litigation or the terms of a settlement agreement, impact revenue or expenditures of the State. There are risk management funds reserved by the State for certain claims, and self-insurance and excess insurance is available for claims involving injury and damages.

## **HISTORICAL ECONOMIC AND DEMOGRAPHIC DATA**

### **Idaho Economic Overview and Outlook**

The Idaho Economic Forecast (“IEF”), a quarterly publication prepared by the Division of Financial Management (“DFM”), provides historical and forecast values for the State’s economy. The historical and forecast data are presented at both quarterly and annual frequencies. The IEF is published in January, April, July, and October of each year. Data covered in the IEF include population, housing, personal income, and nonfarm employment. The most recent IEF was published in October 2023. It estimates State nonfarm employment to grow 1.86% in 2023 and forecasts a 4.08% increase in 2024. The next IEF is scheduled to be released in January 2024.

The General Fund Revenue Book (“GFRB”) is an annual publication prepared by the DFM that provides input into the Executive Budget. It consists of General Fund projections by source, the economic forecast upon which the revenue forecasts are based, and a section devoted to the State’s tax structure. The most recent GFRB was published in January 2023. The General Fund revenue forecast estimated a 5.3% decrease in General Fund revenues for Fiscal Year 2023. Actual revenue for Fiscal Year 2023 came in 1.4% over projection, but down 4.0% from actual Fiscal Year 2022 revenue. For comparison, the actual revenue for Fiscal Year 2022 came in at 23.7% over Fiscal Year 2021. Fiscal Year 2024 General Fund revenues were projected to decline by 5.5% from the Fiscal Year 2023 projection.

The following tables provide historical economic and demographic data for the State.

**TABLE I-10  
IDAHO ECONOMIC INDICATORS**

	Actual		Projected		
	2021	2022	2023	2024	2025
<b>Idaho Economic Indicators</b>					
Personal Income (\$ millions)	\$ 103,114	\$ 109,776	\$ 114,900	\$ 122,776	\$ 129,867
Percent Change	12.2%	6.5%	4.7%	6.9%	5.8%
Total Nonfarm Employment	798,135	827,756	843,117	877,558	901,856
Percent Change	5.0%	3.7%	1.9%	4.1%	2.8%
Goods-Producing Employment	135,206	143,619	146,195	151,877	155,873
Percent Change	5.6%	6.2%	1.8%	3.9%	2.6%
Nongoods-Producing Employment	662,929	684,138	696,922	725,682	745,984
Percent Change	4.9%	3.2%	1.9%	4.1%	2.8%
Population	1,904,314	1,939,033	1,988,810	2,008,714	2,038,713
Percent Change	3.0%	1.8%	2.6%	1.0%	1.5%
Housing Starts-Single Unit	16,464	13,853	12,263	15,771	15,042
Housing Starts-Multiple Unit	4,532	6,613	5,608	7,677	7,079
<b>Selected US Production Indices (2012=100.0)</b>					
Wood Products	99.0	100.1	94.2	93.9	95.7
Computer and Electronic Products	110.0	110.8	109.1	111.3	117.3
Food	103.0	104.9	104.5	104.9	104.6
Agricultural Chemicals	270.1	369.4	313.5	319.5	328.1
Metal Ore Mining	92.1	87.8	87.5	88.0	89.4
<b>Selected US Producer Prices (1982=1.000)</b>					
Lumber and Wood Products	315.508	337.818	303.029	306.432	314.443
Machinery and Equipment	190.619	203.186	213.971	217.470	220.500
Farm	198.033	250.700	240.230	244.724	249.572
Pulp, Paper and Allied Products	288.573	328.688	336.478	347.705	358.236
Chemicals	331.413	366.788	357.127	362.181	366.602

Source: IHS Economics and Idaho Division of Financial Management  
Based on Dec 2023 Moody's forecast for Jan 2024 Idaho Economic Forecast

**TABLE I-11  
STATE OF IDAHO  
POPULATION TRENDS**

<u>Year</u>	<u>Population</u>
2011	1,595,910
2012	1,612,053
2013	1,632,248
2014	1,652,495
2015	1,684,036
2016	1,719,745
2017	1,752,074
2018	1,789,060
2019	1,818,238
2020	1,849,339
2021	1,904,537
2022	1,938,996
2023	1,964,726

*Sources: U.S. Census Bureau and January 2024 Idaho Economic Forecast*

**TABLE I-12**  
**STATE OF IDAHO**  
**LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL<sup>(1)</sup>**

	2022	2021	2020	2019	2018
<b>Civilian Labor Force</b>	950,672	917,056	897,739	889,194	862,513
Unemployment	25,314	40,050	37,300	26,475	26,025
Percent of Labor Force Unemployed	2.7	3.6	5.5	3.0	2.9
Total Employment	925,358	884,328	848,741	862,864	837,514
<b>Nonfarm Payroll Jobs-NAICS<sup>(2)</sup></b>	828,345	797,574	760,038	760,321	738,617
Goods Producing	143,619	135,196	127,982	125,571	121,146
Natural Resources and Mining	3,027	2,827	2,543	2,311	2,248
Construction	65,911	60,348	56,048	52,939	49,222
Manufacturing	74,681	72,021	69,391	70,321	69,676
Durable Goods	43,391	41,644	39,947	41,106	41,067
Non-Durable Goods	31,290	30,377	29,444	29,214	28,609
Nongoods	684,726	662,378	632,056	634,750	617,470
Trade, Transportation and Utilities	161,446	158,553	147,529	144,982	142,632
Trade	128,746	126,144	119,469	118,753	117,177
Transportation, Warehousing and Utilities	32,700	32,409	28,060	26,229	25,455
Services	396,308	378,913	360,177	363,128	349,956
Information	9,120	8,048	7,640	8,947	8,908
Financial Activities	41,058	39,767	38,065	36,945	36,545
Professional and Business Services	107,304	103,704	99,332	96,420	93,859
Management, Professional and Technical Services	57,804	54,399	49,827	47,135	44,758
Administrative, Support, Waste Management	50,220	49,305	49,504	49,284	49,100
Health Services	77,452	74,724	73,137	70,526	66,678
Leisure and Hospitality	88,744	83,839	75,777	83,030	79,037
Educational and Other Services	72,630	68,829	66,226	67,260	64,929
Total Government	126,973	124,912	124,350	126,640	124,882
Federal Government	12,920	13,295	13,678	13,199	13,080
State and Local Government	114,052	111,618	110,672	113,441	111,802

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

*Source: Idaho Division of Financial Management, based on April 2023 forecast  
Idaho Department of Labor; estimate for subdivision of professional and business services*

TABLE I-13  
STATE OF IDAHO  
NONFARM PAYROLL JOBS—BY PLACE OF WORK<sup>(1)</sup>

	April 2023	March 2023	March 2022 <sup>(1)</sup>	Percent Change	
				From Last Month	From Last Year
<b>Nonfarm Payroll Jobs-NAICS<sup>(2)</sup></b>	840,000	844,600	822,100	-0.5%	2.2%
Goods Producing	141,600	144,300	142,000	-1.9%	-0.3%
Natural Resources	4,000	4,100	4,200	-2.4%	-4.8%
Construction	65,700	68,400	64,800	-3.9%	1.4%
Manufacturing	71,900	71,800	73,000	0.1%	-1.5%
Durable Goods	41,700	41,500	41,900	0.5%	-0.5%
Nondurable Goods	30,200	30,300	31,100	-0.3%	-2.9%
Service Providing	565,300	566,300	554,800	-0.2%	1.9%
Trade, Transportation, And Utilities	160,400	160,800	161,600	-0.2%	-0.7%
Trade	129,100	129,400	128,200	-0.2%	0.7%
Transportation, Warehousing, And Utilities	31,300	31,400	33,400	-0.3%	-6.3%
Information	9,400	9,800	8,900	-4.1%	5.6%
Financial Activities	41,400	41,300	41,200	0.2%	0.5%
Professional and Business Services	109,600	110,100	106,700	-0.5%	2.7%
Professional and Technical Services	51,500	51,300	48,800	0.4%	5.5%
Management of Companies and Enterprises	8,300	8,400	8,000	-1.2%	3.8%
Administrative, Support, Waste Management	49,800	50,400	49,900	-1.2%	-0.2%
Education and Health Services	127,000	126,400	120,200	0.5%	5.7%
Leisure and Hospitality	89,700	90,500	88,800	-0.9%	1.0%
Other Services	27,800	27,400	27,400	1.5%	1.5%
Total Government	133,100	134,000	125,300	-0.7%	6.2%
Federal Government	12,900	13,100	13,000	-1.5%	-0.8%
State and Local Government	120,200	120,900	112,300	-0.6%	7.0%
State Government	34,300	34,600	29,600	-0.9%	15.9%
Local Government	85,900	86,300	82,700	-0.5%	3.9%

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

Source: Idaho Department of Labor, Current Employment Statistics based on April 2023 data

**TABLE I-14  
STATE OF IDAHO  
AGRICULTURAL EMPLOYMENT ESTIMATES**

	<b>April 2023</b>	<b>April 2022</b>	<b>Percent Change From Last Year</b>
Total Agricultural Employment	67,850	46,130	47.1%
Operators and Unpaid Family	14,250	10,610	34.3%
Hired Workers	52,920	35,060	50.9%

*Source: Idaho Department of Labor, based on Agricultural Estimates*

**TABLE I-15  
STATE OF IDAHO  
LARGEST EMPLOYERS**

<b>Employer</b>	<b>Number of Employees</b>	<b>Industry</b>
St. Luke's Regional Medical Center	15,000 - 16,000	Health Care
Wal-Mart	9,000- 10,000	Retail Trade
Micron Technology	5,000 - 6,000	Manufacturing
St. Alphonsus Regional Health System	5,000 - 6,000	Health Care
Albertson's, Inc.	5,000 - 6,000	Retail Trade
Battelle Energy Alliance	5,000 - 6,000	Professional & Technical Services
West Ada School District # 2	4,000 - 5,000	Local Government, Education
Boise State University	3,000 - 4,000	State Government, Education
Boise Independent School District No. 1	3,000 - 4,000	Local Government, Education
Kootenai Medical Center	3,000 - 4,000	Health Care
University of Idaho	2,000 - 3,000	State Government, Education
J.R. Simplot Co.	2,000 - 3,000	Manufacturing
Idaho Department of Health & Welfare	2,000 - 3,000	State Government, Administration
U.S. Postal Service	2,000 - 3,000	Federal Government
Fred Meyer Stores	2,000 - 3,000	Retail Trade

Note: Only employers that have given permission to release employment data are listed.

*Source: Idaho Department of Labor, April 2023*

**TABLE I-16**  
**STATE OF IDAHO**  
**COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE**

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2012	37,406	51,640
2013	38,111	52,172
2014	39,306	53,814
2015	40,301	55,423
2016	41,084	56,058
2017	42,724	57,799
2018	44,365	59,771
2019	45,901	61,795
2020	49,157	66,594
2021	52,585	70,481
2022	56,082	72,827
2023	58,328	75,608

*Source: IHS Economics and Idaho Division of Financial Management, based on January 2024 Idaho Economic Forecast*

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**APPENDIX J**

**FORM OF STATE TREASURER  
CONTINUING DISCLOSURE UNDERTAKING**

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APPENDIX J

FORM OF STATE TREASURER CONTINUING DISCLOSURE UNDERTAKING

§ \_\_\_\_\_  
IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024A (CREDIT ENHANCEMENT)

AND

§ \_\_\_\_\_  
IDAHO HOUSING AND FINANCE ASSOCIATION  
NONPROFIT FACILITIES REVENUE BONDS  
(ALTURAS PREPARATORY ACADEMY PROJECT)  
SERIES 2024B (CREDIT ENHANCEMENT) (FEDERALLY TAXABLE)

STATE TREASURER CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “*Agreement*”), dated as of October 1, 2024, is executed and delivered by the Idaho State Treasurer (the “*State Treasurer*”), and Zions Bancorporation, National Association, as dissemination agent (the “*Dissemination Agent*”), in connection with the issuance by the Idaho Housing and Finance Association (the “*Issuer*”), an independent public body corporate and politic, duly created and existing under the laws of the State of Idaho, of its Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) and Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable) (collectively, the “*Series 2024 Bonds*”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Series 2024 Bonds were issued pursuant to a Trust Indenture, dated as of October 1, 2024 (the “*Indenture*”), by and between the Issuer and Zions Bancorporation, National Association, as trustee (the “*Trustee*”). The proceeds of the Series 2024 Bonds were loaned by the Issuer to Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation designated as a charter school by the State (the “*Borrower*”), pursuant to a Loan Agreement, dated as of October 1, 2024 (the “*Loan Agreement*”).

**Section 1. Purpose of Agreement.** This Agreement is being executed and delivered by the State Treasurer and the Dissemination Agent for the benefit of the Registered Owners of the Series 2024 Bonds (for such purpose beneficial owners of the Series 2024 Bonds shall also be considered Registered Owners of the Series 2024 Bonds) and to assist Raymond James & Associates, Inc., as the underwriter of the Series 2024 Bonds (the “*Underwriter*”), in complying with the Rule.

**Section 2. Defined Terms.** Any capitalized terms not defined herein shall have the meanings given to such terms in the Indenture.

“*Annual Report*” means the financial information and operating data required to be transferred by the State Treasurer to the Dissemination Agent pursuant to Section 3(a) of this Agreement.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes.

“*Borrower*” means Alturas Preparatory Academy, Inc., an Idaho nonprofit corporation designated as a charter school by the State, and its successors and assigns.

“*Business Day*” has the same meaning as defined in the Indenture.

“**Dissemination Agent**” means Zions Bancorporation, National Association, as dissemination agent under this Agreement, its successors and assigns.

“**EMMA**” means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule and any successor portal identified by the MSRB.

“**Events Notices**” means the notices required to be given by the State Treasurer pursuant to Section 5 of this Agreement.

“**Fiscal Year**” means the fiscal year of the State.

“**Indenture**” means the Trust Indenture, dated as of October 1, 2024, between the Issuer and the Trustee, as the same may be amended from time to time.

“**Issuer**” means the Idaho Housing and Finance Association, an independent public body corporate and politic, duly created and existing under the laws of the State of Idaho, its successors and assigns.

“**Listed Events**” means any of the events listed in Section 5 of this Agreement.

“**Loan Agreement**” means the Loan Agreement, dated as of October 1, 2024, between the Issuer and the Borrower, as the same may be amended from time to time.

“**MSRB**” means the Municipal Securities Rulemaking Board, its successors and assigns.

“**Underwriter**” means Raymond James & Associates, Inc. acting on behalf of itself and as representative of the other underwriters of the Series 2024 Bonds, as original purchasers of the Series 2024 Bonds, its successors and assigns.

“**Repository**” means EMMA.

“**Rule**” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

“**SEC**” means the Securities and Exchange Commission, its successors and assigns.

“**Series 2024 Bonds**” means, collectively, the Issuer’s \$\_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024A (Credit Enhancement) and \$\_\_\_\_\_ Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable).

“**State**” means the State of Idaho.

“**State’s Audited Financial Statements**” means the State’s annual financial statements, prepared in accordance with GASB.

“**State Treasurer**” means the Treasurer of the State.

“**Trustee**” means Zions Bancorporation, National Association, its successors and assigns.

### **Section 3. Provision of Annual Report.**

(a) *Annual Report.* No later than 270 days after the end of the State’s Fiscal Year, commencing March 27, 2025, for the fiscal year ended June 30, 2024, the State Treasurer shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Agreement. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The State may change its current fiscal year, but must notify

the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(b) *Disclosure of Annual Report.* As soon as is practicable after the completion of the Annual Report, the State Treasurer shall provide the Annual Report to the Dissemination Agent. The Dissemination Agent shall, at the State Treasurer's cost, which cost shall be paid by the Borrower on behalf of the State Treasurer pursuant to the Loan Agreement, transmit the information contained in the Annual Report in accordance with the requirements of this Agreement.

(c) If the State Treasurer does not provide to the Dissemination Agent a copy of an Annual Report by the date required in Section 3(a) above, the Dissemination Agent shall send a notice to the State Treasurer, the Repository, and the Underwriter, in substantially the form attached as **EXHIBIT A**. In the event that the State Treasurer files the Annual Report directly with the Repository on or before the dates required in Section 3(a) above, the State Treasurer shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Annual Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Agreement.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address (physical or electronic, as applicable) of the Repository; and

(ii) provided the Annual Report has been provided to the Dissemination Agent by the State Treasurer, file a report with the State Treasurer and the Dissemination Agent, certifying that the Annual Report has been provided pursuant to this Agreement, stating the date it was provided to the Repository.

#### **Section 4. Content of Annual Report; Conference Calls.**

(a) *Annual Report.* The Annual Report shall contain or include by reference the State's Audited Financial Statements for its prior fiscal year, prepared in accordance with generally accepted accounting principles applicable to governmental entities in the form required by the State.

(b) The Annual Report may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the information in the Annual Report is changed or this Agreement is amended in accordance with their respective terms, then the State Treasurer is to include in the next Annual Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

**Section 5. Material Event.** The State Treasurer agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days, to the Repository or to any other filing system approved by the SEC, notice (an "**Event Notice**") of the occurrence of:

(a) a rating change on the Series 2024 Bonds as a result of a rating change on the bonds issued under the Public Charter School Facilities Program.

An Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Series 2024 Bonds. The State Treasurer is not responsible for filing of any other events notices because the Borrower has undertaken that responsibility under a separate continuing disclosure undertaking entered into by the Borrower in connection with the issuance of the Series 2024 Bonds.

**Section 6. EMMA.** The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the State Treasurer shall, or if a dissemination agent is engaged by the State Treasurer, the State Treasurer shall

require the dissemination agent to, make all filings required under this Agreement to be filed with the Repository solely with EMMA.

**Section 7. Dissemination Agent.** The State Treasurer has engaged the Dissemination Agent to assist the State Treasurer in disseminating information hereunder. The State Treasurer shall send all Annual Reports required by Section 3 hereof, and Event Notices required by Section 5 hereof, to the Dissemination Agent or shall certify in writing to the Dissemination Agent that they have submitted the required Annual Reports or Event Notices to the Repository. The Dissemination Agent shall, within five (5) Business Days of receipt of such Disclosure Report and within two (2) Business Days receipt of an Events Notice accompanied by written direction from the State Treasurer to file such information with the Repository, forward such information to (i) the Repository and/or the MSRB or any other filing system the State Treasurer notifies the Dissemination Agent in writing has been approved by the SEC, as appropriate; (ii) the Issuer; (iii) the Underwriter; and (iv) any Registered or Beneficial Owner of the Series 2024 Bonds identified in writing by the Underwriter. The State Treasurer agrees to pay any reasonable costs incurred by the Dissemination Agent as a result of disseminating information to any requesting Registered or Beneficial Owners of the Series 2024 Bonds, which costs shall be paid by the Borrower on behalf of the State Treasurer pursuant to the Loan Agreement. The State Treasurer may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. Provided that the State Treasurer has named a successor Dissemination Agent by the effective date of resignation, the Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the State Treasurer. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials and shall not be responsible in any manner for the content of the Events Notice or Annual Reports.

**Section 8. Termination of Obligations.** The State Treasurer's obligation to provide the Annual Reports and any Events Notices, as set forth in this Agreement, shall terminate as to the State Treasurer when either the Series 2024 Bonds are paid in full or the legal defeasance of the Series 2024 Bonds shall occur in accordance with the Indenture.

**Section 9. Amendment.** Notwithstanding any other provision of this Agreement, the State Treasurer may amend this Agreement if such amendment is supported by an opinion of counsel expert in federal securities laws acceptable to the State Treasurer to the effect that such amendment or waiver would not, in and of itself, cause the agreements herein to violate the Rule if such amendment had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

The State Treasurer shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial Annual Report provided by the State Treasurer after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

**Section 10. Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

**Section 11. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, provided that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

**Section 12. Severability.** If any portion of this Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

**Section 13. Other Instruments.** The State Treasurer and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Agreement.

**Section 14. Captions, Titles, and Headings.** The captions, titles, and headings used in this Agreement are for convenience only and shall not be construed in interpreting this Agreement.

**Section 15. Duties and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Dissemination Agent shall have no duty or obligation to review or verify the Annual Reports or Event Notices provided to them by the State Treasurer or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the State Treasurer, the Beneficial Owners or any other party. The Dissemination Agent shall have no responsibility for a failure of the State Treasurer to report a Listed Event to the Dissemination Agent or for the failure of the State Treasurer to submit a complete Annual Report to the Repository. The Dissemination Agent is not responsible for ensuring the compliance with any rule or regulation of the State Treasurer or the Underwriter in connection with the filing of information herein but is merely responsible for the filing of any such information provided to the Dissemination Agent herein. The Dissemination Agent shall have no power or authority to enforce performance of the State Treasurer's duties and obligations thereunder and shall not be required to take any action to cause the State Treasurer to comply with its obligations hereunder. The obligations of the State Treasurer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the State Treasurer apart from the relationship created by this Agreement shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the State Treasurer. Nothing in this Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the State Treasurer for response.

**Section 16. Dissemination Agent Compensation.** The State Treasurer shall pay to or reimburse the Dissemination Agent for its reasonable fees and expenses for the Dissemination Agent's services (including attorneys' fees) rendered in accordance with this Agreement, which payments or reimbursement shall be made by the Borrower on behalf of the State Treasurer pursuant to the Loan Agreement.

**Section 17. Indemnification of Dissemination Agent.** In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, the State Treasurer shall indemnify and hold harmless the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Agreement and in the enforcement of its indemnification rights hereunder, with the costs of such indemnification to be paid by the Borrower on behalf of the State Treasurer pursuant to the Loan Agreement; provided that the State Treasurer shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the State Treasurer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2024 Bonds.

**Section 18. Certification of Certification of Compliance with Anti-Boycott Against Israel Act.** The Dissemination Agent hereby certifies, pursuant to Idaho Code, Section 67-2346, that the Dissemination Agent, including any wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of the Disclosure Agent, is not currently engaged in, and will not for the duration of this Agreement, engage in, a boycott of goods or services from Israel or territories under its control.

**Section 19. Certification of Compliance with Idaho Code.** The Dissemination Agent hereby certifies, pursuant to Idaho Code, Section 67-2359, that it, including any wholly owned subsidiaries, majority-owned subsidiaries, parent companies and affiliates, is not currently owned or operated by the Government of China and will not for the duration of this Agreement be owned or operated by the Government of China.

**Section 20. Notices.** Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the State Treasurer: Idaho State Treasurer  
304 N 8th Street, Room 403  
Boise, Idaho 83702

To the Dissemination Agent: Zions Bancorporation, National Association  
601 Union Street, Suite 3600  
Seattle, Washington 98101  
Attn: Global Corporate Trust

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**Section 21. Electronic Signatures.** The electronic signatures of an authorized representative of the parties to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“*pdf*”) or other replicating image attached to an electronic mail or internet message.



\_\_\_\_\_  
JULIE A. ELLSWORTH  
IDAHO STATE TREASURER

ATTEST:

\_\_\_\_\_  
PHIL MCGRANE  
IDAHO SECRETARY OF STATE

**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION**, as Dissemination Agent

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES BY STATE TREASURER OF FAILURE TO  
FILE ANNUAL REPORT**

Name of Issuer: Idaho Housing and Finance Association

Name of Bond Issue: Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project) Series 2024A (Credit Enhancement) and Nonprofit Facilities Revenue Bonds (Alturas Preparatory Academy Project), Series 2024B (Credit Enhancement) (Federally Taxable)

Name of Borrower: Alturas Preparatory Academy, Inc.

Date of Issuance: October [ ], 2024

NOTICE IS HEREBY GIVEN that the Treasurer of the State of Idaho (the “State Treasurer”) has not provided an Annual Report with respect to the above-named Series 2024 Bonds as required by the Continuing Disclosure Undertaking, dated as of October 1, 2024, of the State Treasurer. The State Treasurer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

By \_\_\_\_\_  
Treasurer of the State of Idaho

cc: Treasurer of the State of Idaho  
Idaho Housing and Finance Association

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**APPENDIX K**

**BORROWER'S BUDGET PROJECTION**

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**Historical and Projected Statement of Revenues and Expenses**

	<u>Audited</u> <u>2021-2022</u>	<u>Audited</u> <u>2022-2023</u>	<u>Audited</u> <u>2023-2024</u>	<u>Budgeted</u> <u>2024-2025</u>	<u>Projected</u> <u>2025-2026</u>	<u>Projected</u> <u>2026-2027</u>	<u>Projected</u> <u>2027-2028</u>	<u>Projected</u> <u>2028-2029</u>	<u>Projected</u> <u>2029-2030</u>
Total Enrollment	295	384	407	468	506	542	560	560	560
<b>Revenue</b>									
<b>State, Federal and Local Ongoing Revenue</b>									
State Sources: State Support	2,477,686	3,185,001	4,072,729	4,524,266	5,054,895	5,374,421	5,741,082	5,997,715	6,264,206
State Sources: Transportation	71,779	-	-	127,854	142,382	151,165	157,103	161,816	166,670
Donations, Contributions, Interest	227,837	104,399	250,784	72,900	80,182	84,093	86,353	87,901	89,496
Federal Title Funds: I, II, VIB, FRL	69,311	88,258	130,867	348,826	351,094	373,786	389,510	402,238	415,348
<b>Subtotal - Ongoing Revenues</b>	<b>2,846,613</b>	<b>3,377,657</b>	<b>4,454,379</b>	<b>5,073,846</b>	<b>5,628,553</b>	<b>5,983,465</b>	<b>6,374,048</b>	<b>6,649,670</b>	<b>6,935,720</b>
<b>Federal and Philanthropic Temporary Revenue</b>									
Albertson's Grants	1,040,000	320,000	300,000	115,000	-	-	-	-	-
Federal CSP Grant	800,000	-	-	-	-	-	-	-	-
Federal Covid Response Funds	271,112	193,066	68,912	-	-	-	-	-	-
<b>Subtotal - Temporary Revenue</b>	<b>2,111,112</b>	<b>513,066</b>	<b>368,912</b>	<b>115,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>4,957,724</b>	<b>3,890,723</b>	<b>4,823,291</b>	<b>5,188,846</b>	<b>5,628,553</b>	<b>5,983,465</b>	<b>6,374,048</b>	<b>6,649,670</b>	<b>6,935,720</b>
<b>Expenses</b>									
<b>Instruction</b>									
Salaries	802,695	1,177,328	1,671,240	1,807,341	1,885,034	1,980,535	2,087,598	2,197,905	2,319,336
Benefits	263,487	430,704	539,759	608,651	660,907	740,670	779,821	820,390	864,405
Purchased Services	117,279	130,882	209,973	181,719	171,929	180,380	186,815	192,420	198,193
Supplies & Materials	1,039,438	308,816	227,171	248,005	291,676	307,756	316,481	323,347	330,419
Nutrition	17,044	22,188	84,773	175,000	194,886	206,908	215,035	221,486	228,131
Transportation	11,396	78,968	280,692	170,472	189,843	201,553	209,470	215,754	222,227
<b>Total Instruction</b>	<b>2,251,340</b>	<b>2,148,886</b>	<b>3,013,608</b>	<b>3,191,188</b>	<b>3,394,275</b>	<b>3,617,802</b>	<b>3,795,220</b>	<b>3,971,302</b>	<b>4,162,711</b>
<b>Administration</b>									
Salaries	232,472	301,700	239,009	480,307	453,532	453,983	457,553	473,146	489,263
Benefits	59,416	85,074	75,563	156,175	158,731	171,417	174,331	181,257	188,468
Purchased Services	50,223	77,316	65,317	93,474	96,279	99,166	102,140	105,204	108,361
Supplies & Materials	83,390	84,551	192,478	70,750	72,873	75,060	77,312	79,631	82,019
Insurance - fire, theft, liability	17,215	27,755	50,809	45,656	47,026	48,437	49,890	51,387	52,928
<b>Total Administration</b>	<b>442,716</b>	<b>576,396</b>	<b>623,176</b>	<b>846,362</b>	<b>828,441</b>	<b>848,063</b>	<b>861,226</b>	<b>890,625</b>	<b>921,039</b>
<b>Facilities</b>									
Salaries & Benefits: Bldg. Care	54,206	57,793	63,371	66,421	69,363	72,824	75,182	77,619	80,138
Utilities - Electric, Gas, Water, Sewer	31,226	37,145	31,968	33,000	33,990	35,010	36,060	37,142	38,256
Contracted Services	275	14,498	33,955	25,000	25,750	26,523	27,319	28,139	28,983
Custodial Supplies	17,469	25,852	20,566	23,000	23,690	24,401	25,133	25,887	26,664
Maintenance - Property/Grounds	4,693	7,723	8,165	24,720	25,462	26,226	27,013	27,823	28,658
<b>Total Facility Expenditures</b>	<b>107,868</b>	<b>143,011</b>	<b>158,025</b>	<b>172,141</b>	<b>178,255</b>	<b>184,984</b>	<b>190,707</b>	<b>196,610</b>	<b>202,699</b>
<b>Federal Covid Response Temporary Expenses</b>									
Salaries	132,333	56,870	44,135	-	-	-	-	-	-
Benefits	32,035	7,410	13,461	-	-	-	-	-	-
Purchased Services	84,175	99,173	600	-	-	-	-	-	-
Supplies & Materials	22,568	29,614	10,716	-	-	-	-	-	-
<b>Federal Covid Response Temporary Expenses</b>	<b>271,112</b>	<b>193,066</b>	<b>68,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exclude One-Time Capital Asset Additions</b>	<b>(65,174)</b>	<b>(11,459)</b>	<b>(40,507)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SubTotal Operating Expenditures</b>	<b>3,007,861</b>	<b>3,049,899</b>	<b>3,823,213</b>	<b>4,209,691</b>	<b>4,400,971</b>	<b>4,650,849</b>	<b>4,847,153</b>	<b>5,058,537</b>	<b>5,286,449</b>

	<i>Audited</i> <u>2021-2022</u>	<i>Audited</i> <u>2022-2023</u>	<i>Audited</i> <u>2023-2024</u>	<i>Budgeted</i> <u>2024-2025</u>	<i>Projected</i> <u>2025-2026</u>	<i>Projected</i> <u>2026-2027</u>	<i>Projected</i> <u>2027-2028</u>	<i>Projected</i> <u>2028-2029</u>	<i>Projected</i> <u>2029-2030</u>
Est. Net Operating Rev. Avail.For Debt Svc	1,949,863	840,824	1,000,077	979,156	1,227,582	1,332,616	1,526,895	1,591,133	1,649,271
Facility Lease / Debt Service Cost	325,584	729,796	793,540	256,250	-	-	-	-	-
Bonds - P&I, estimated	-	-	-	376,974	788,517	998,517	997,274	1,037,605	1,036,315
<b>Total Facility Debt Service and Payments</b>	<b>325,584</b>	<b>729,796</b>	<b>793,540</b>	<b>633,224</b>	<b>788,517</b>	<b>998,517</b>	<b>997,274</b>	<b>1,037,605</b>	<b>1,036,315</b>
<b>Estimated Facility Expense Coverage</b>	<b>5.99x</b>	<b>1.15x</b>	<b>1.26x</b>	<b>1.55x</b>	<b>1.56x</b>	<b>1.33x</b>	<b>1.53x</b>	<b>1.53x</b>	<b>1.59x</b>
Estimated Facility Expense Burden	10%	19%	17%	13%	15%	18%	17%	17%	16%
Maximum Annual Debt Service	1,037,605	1,037,605	1,037,605	1,037,605	1,037,605	1,037,605	1,037,605	1,037,605	1,037,605
Maximum Annual Debt Service Coverage	1.88x	0.81x	0.96x	0.94x	1.18x	1.28x	1.47x	1.53x	1.59x
Prior Year Fund Balance	-	1,667,410	1,336,934	1,196,241	2,580,298	3,430,906	3,975,004	4,503,382	5,097,240
End of Year Unrestricted Fund Balance	<b>1,667,410</b>	<b>1,336,934</b>	<b>1,196,241</b>	<b>2,580,298</b>	<b>3,430,906</b>	<b>3,975,004</b>	<b>4,503,382</b>	<b>5,097,240</b>	<b>5,708,907</b>
Est.Unrestricted General Fund Cash Balance	<b>1,613,508</b>	<b>1,897,145</b>	<b>1,857,392</b>	<b>2,203,324</b>	<b>2,642,389</b>	<b>2,976,487</b>	<b>3,506,108</b>	<b>4,059,635</b>	<b>4,672,592</b>
<b>Days Cash on Hand</b>	<b>177</b>	<b>183</b>	<b>147</b>	<b>166</b>	<b>186</b>	<b>192</b>	<b>219</b>	<b>243</b>	<b>270</b>
Total Revenues	4,957,724	3,890,723	4,823,291	5,188,846	5,628,553	5,983,465	6,374,048	6,649,670	6,935,720
Deduct - JKAFF, CSP and Covid Grants	(2,111,112)	(513,066)	(368,912)	(115,000)	-	-	-	-	-
Net Revenue For Computation:	<b>2,846,613</b>	<b>3,377,657</b>	<b>4,454,379</b>	<b>5,073,846</b>	<b>5,628,553</b>	<b>5,983,465</b>	<b>6,374,048</b>	<b>6,649,670</b>	<b>6,935,720</b>
Facility costs:	433,452	872,806	951,565	805,365	966,772	1,183,501	1,187,981	1,234,215	1,239,014
<b>Facility Costs as Percentage of Ongoing Revenues:</b>	<b>15.2%</b>	<b>25.8%</b>	<b>21.4%</b>	<b>15.9%</b>	<b>17.2%</b>	<b>19.8%</b>	<b>18.6%</b>	<b>18.6%</b>	<b>17.9%</b>
<b>"Debt Service as a % of (Ongoing) Revenues"</b>	<b>11.4%</b>	<b>21.6%</b>	<b>17.8%</b>	<b>12.5%</b>	<b>14.0%</b>	<b>16.7%</b>	<b>15.6%</b>	<b>15.6%</b>	<b>14.9%</b>

**Data Sources:**

Audited Financial Data taken from "Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Enrollment history:

<https://www.sde.idaho.gov/finance/files/attendance-enrollment/historical/Charter-School-Historical-Enrollment-by-Year.xls>

**Assumptions:**

F& 2025 budget based on current funding formulas established after 2024 legislative session, FY25 staff placements, preliminary Federal funding allocations and planned discretionary expenses.

State "Entitlement", "Salary Apportionment" and "Benefit Apportionment" revenue estimates are based on Idaho's funding formula, which requires a reduction based on "Average Daily Attendance". The expected Average Daily Attendance is 95%.

State Support increases as enrollment increases, based on the Idaho funding formula, plus an added 3% inflation adjustment is added FY26 forward.

Federat Title and IDEA funds increase in proportion to enrollment plus an added 3% inflation adjustment is added FY26 forward.

Student transportation reimbursement is estimated at approximately 85% of the cost of transportation.

Salaries for certified staff assume staff move up the state career ladder rungs and are paid at the state's defined career ladder rates. Certain staff with higher pay are projected using a 3% cost-of-living increase.

Health insurance cost assumes an increase of 5% each year, which is, on average, the increases over the past three years.

Expenses that increase with enrollment (for example, curriculum) increase at the same rate as enrollment increases, plus an added 3% inflation adjustment is added FY26 forward.

Grant revenue: only executed/committed grants from the J.A and Kathryn Albertson Foundation (JKAF), and other large donors, are included in projections.

Lease costs (for FY 2025) and debt service calculations for all future years are based on the financing schedules provided by Raymond James, dated September 18, 2024.





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